Factors Affecting Effectiveness Of Strategic Management: Research on Ceramic Business in Kenya

BY

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UNITED STATES INTERNATIONAL UNIVERSITY – AFRICA

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FACTORS AFFECTING EFFECTIVENESS OF STRATEGIC MANAGEMENT: RESEARCH ON CERAMIC BUSINESS IN KENYA

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A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfillment of the Requirement for the Degree of Masters in Business Administration (MBA)

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DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University – Africa for academic credit.

Signed:
_________________________________________ Date: ________________ Tang

Zhiping (644048)

This proposal has been presented for examination with my approval as the appointed supervisor.

Signed:
_________________________________________ Date: ________________

Fred Newa

Signed:
_________________________________________ Date: ________________
ABSTRACT

The general objective of the study was to determine factors affecting effectiveness of strategic management between Kenyan owned ceramic firms and Chinese owned ceramic enterprises in Kenya. To achieve this general objective the study was guided by the
following specific objectives: to examine importance of strategic approaches, organizational cultures and core competence on effectiveness of strategic management between Kenyan owned ceramic firms and Chinese owned ceramic firms in Kenya respectively.

This research was a descriptive study in nature. The descriptive study was appropriate in discovering and measuring the relationships among the variables. Further the study used a questionnaire to collect data from the respondents. The populations for the study were 170 Kenyan and Chinese managers and entrepreneurs who have engaged in ceramic business in Kenya. The sample size for this study was 33 Kenyan and Chinese managers in total 11 from Housemart and 22 from Tile & Carpet and SAJ. The study was carried out within Nairobi CBD especially along Mombasa Road where ceramic business is a thriving business. The data collected was analyzed by the use of inferential and descriptive statistics.

The study findings had found that majority of study participants agreed with the statement that effectiveness of strategic management is of great importance to ceramic business in Kenya; minority of the respondents held neutral position against the statement might contribute to unawareness of strategic management effectiveness or inadequate educational experiences or lower managerial positions occupancy led to rare participation in strategic decisions making; a very few of the respondents disagreed with the statement. It is evident that most of the people engaged in ceramic business advocated positively that the effectiveness of strategic management is vital to ceramic business in Kenya. To be elaborated, the right strategic approaches will be adopted based on the various resources and core competences of the firms; every firm seeks their best strategic-matching. Through survey SAJ ranked at the highest on the RBV Model, Tile & Carpet on Balance Scorecard and Housemart got top two preferences on I/O Model and RBV Model. Moreover organizational cultures would be another factor to be taken into account based on the research results that most of the respondents strongly agreed that organizational cultures do have certain influences on the effectiveness of strategic management. Furthermore, core competence should be fundamental to maintain the competitive edges and sustain superior performance depending on the findings that every firm got their core competence to secure

The study concluded that strategic approaches, organizational cultures and core competences do have strong influences on the effectiveness of strategic management of ceramic firms in Kenya. Each factor can work independently toward effects of strategic management, or they can work together to determine the success of strategic management of ceramic business. No factor should be neglected or understated because each of them plays the distinctive roles determining the effectiveness of strategic management, the links between the factors and dependant variable are multi-correlated.

The study recommended that the sample of research should be extended to ensure the accuracy of the findings, more attentions should be paid to the original nation culture of managers or entrepreneurs in Kenyan-owned and Chinese-owned ceramic business so as to reflect the complete cultural effects on the effectiveness of strategic management, broad scope of the core competence questionnaires should be set in order to attain whole-view competences research.

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To my project supervisor, Dr Fred Newa, thank you very much for your dedicated time, patience and detailed attention that aided in completion of my project on time. Your insights have been invaluable.

DEDICATION

I dedicate this project to my family for their enduring patience, understanding and preparedness to pursue what is vital in my long journey in the business world as well as my supervisor Professor Fred Newa for the guidance provided and for dedicating his time towards taking me through step by step to see this entire project become a success. I would like to express my gratitude and appreciation for your inspirations and the supports you have provided me throughout this journey.
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CHAPTER ONE
1.0 INTRODUCTION

1.1 Background of the Problem

Globalization is multidimensional, affecting all aspects of life – economic, cultural, environmental, and social – as well as relations between governments and nations on the five continents (Daouas, 2000). With the increasing interdependence of national economies and cross-border movement of products, labor, information, technology, and capital, firms are going global to pursue profits in global market (Ethier, 1986).

Globalization is an interesting phenomenon since it is obvious that the world has been going through this process of change towards increasing economic, financial, social, cultural, political, market, and environmental interdependence among nations (Amonrat, 2004). Virtually, everyone is affected by this process. Given these changes, globalization brings about a borderless world (Eden and Lenway, 2001; Ohmae, 1989a). Globalization drives people to change their ways of living, prompts firms to change their ways of conducting business, and, spurs nations to establish new national policies. Events transpiring in different parts of the world now have dramatic consequences to other parts of the world at a faster pace than anyone could imagine in the past. For example, the Asian financial crisis in 1997 has severely affected businesses around the world (McLean and Woo, 2000, 2001) and the outbreak of SARS (Severe Acute Respiratory Syndrome) in 2003 has shown how globalization permits the rapid spread of the disease (Anthony and Meredith, 2003), which affects many airlines, the hospitality industry, and other businesses around the globe. On the positive side, globalization enables firms to outsource and find customers around the world, e.g. the ceramic tiles business, auto and electronics industries. The globalization of production and operations benefits firms through the realization of economies of scales and scope (Corswant, Reyes, Raisinghani, and Singh, 2002). Hence, no one can deny that globalization has changed the way we conduct business.

Globalization has become a major topic of discussion and concern in economic circle since the mid-1990s. It’s clear that the trend toward more integrated world markets has opened a wide potential for greater growth, and presents an unparalleled opportunity for developing countries to raise their living standards (Alassane, 1997). Africa including most of developing countries all around the world should be engaged in globalization positively and seek opportunities to get globalized favorably.
Sino-Africa trade is growing every day, during the process of African internationalization and globalization, Sino-African relationship is playing a vital role in facilitating Africa’s global engagement via heavy exports and imports, FDI in forms of infrastructure construction, real estate’s development, trades and cultural exchanges etc.

According to some authoritative statistics, China has become by far Africa’s biggest trading partner, exchanging about $160 billion-worth of goods a year; more than 1m Chinese, most of them laborers and traders, have moved to the continent in the past decade (The Economist, 2015), trading over US$106.8 billion since 2006 (Naidu, 2010). According to Alden (2007), Chinese businesses and traders now number in their thousands on the African continent. Many Chinese are involved in trading lower and medium end goods, while other Chinese businesses are engaged in the exploration of natural resources (Christensen, 2010) as well as long-term property and construction developments based on local market.

Sino-Africa relations have progressed significantly since the end of the cold war. In 2006, the Chinese government declared that China will “… unswervingly carry forward the tradition of China-Africa friendship, and, proceeding from the fundamental interests of both interests of the Chinese and African peoples, establish and develop a new type of strategic partnership with Africa”(Hu, 2006). President Hu Jintao confirmed this sentiment at the Beijing Summit of Forum on China-Africa Cooperation (FOCAC) in November 2006. Still, this relationship has a long way to go. There is now a more balanced development in the political, economic and societal aspects of this relationship than in previous periods, meaning that the time has come for this relationship to transition to a new trend in terms of Africa’s international engagement.

China’s trade with African countries has grown about ten times in the last decade, with the total value likely to hit $300 billion this year, according to the Fourth China-Africa Industrial Forum (CAIF), which opened Monday in Beijing (China Daily, 2015). Chinese government has put strategic importance on the development of Sino-Africa relations and economic cooperation; most of African nations are developing countries and are at the early stage of industrialization. China is comparatively advanced in industrialization and has technology and funds. The timing is just right for the two sides to engage in all-round economic cooperation, according to Yang - senior foreign affairs officials of China (Global Times, 2015). Victor Sikonina, the head of the African Diplomatic Corps and
Madagascar’s ambassador to China, said the inadequacy of infrastructure has restricted Africa’s sustainable development. He said Africa’s gate is open for Chinese investors. In recent years the number of African businesses investing in China is on the rise, too. Statistics showed cumulative investment in China by African entrepreneurs totaled 14.2 billion dollars in worth by the end of 2012 (Global Times, 2015).

The exports and imports between China and Africa have started since early 1950s; the bilateral trades have been growing skyrocketed in previous decades, the statistic below is reflecting the trading figures in past few years.

Figure 1: China-Africa Trade to Keep Growing
(Source: MOFCOM, 2015)
So many international platforms have been built to promote China-African relations. The most important one is FOCAC, established in 2000; the FOCAC brings together 51 states that have diplomatic relationships with China (Li, 2012). Since its establishment, FOCAC has gradually become an important platform for collective dialogue and an effective mechanism for enhancing practical cooperation between China and African countries. Since its establishment, FOCAC has held five ministerial conferences (the latest in July 2012) and one summit at the level of heads of state and government (in 2006). It has arguably provided the political umbrella for the boom in bilateral relations (Grimm, 2012). The figures below indicated achievements of FOCAC Ministerial Conferences in past 15 years.
Figure 2: Five FOCAC Ministerial Conferences (Source: FOCAC Conferences, 2012).

Sino-Africa relations is therefore moving forward to higher and better levels based on increasing economic engagements and strong bilateral platform mechanism.

China-Kenia Relations and its Arising Issues: Among most of African nations, Kenya is one of the best Africa countries manifesting the fastest bilateral trading business growth with China in last decade, Kenya’s former president Mwai Kibaki visited Beijing in August 2005, and strengthened ties between the two states, with economic cooperation and trade receiving major boosts. By June 2013, China’s direct investment in Kenya reached 474 million us dollars, with bilateral trade alone amounting to 2.8 billion in 2013. Making China Kenya’s largest source of foreign direct investment and second largest trade partner (Galang, 2014).

China-Kenia ties strengthened particularly in areas of infrastructure construction and real estate developments such as Thika Road Super Highway, JKIA new terminal, Mombasa-Nairobi standard gauge railway, Garden City and Two River Shopping Mall Project, and so on. “The projects will define my legacy as president of Kenya, what we are doing here today will definitely transform... not only Kenya but the whole eastern African region,” Kenya President Uhuru Kenyatta said at the ceremony of launching Mombasa-Nairobi standard gauge railway project (BBC Africa, 2013).

Chege (2008) asserted that there were 17 Chinese investments established in Kenya in
In 2003, there were 11 Chinese firms started in Kenya and were fully owned by Chinese and were represented at 82% of the services sector while 18% were in the manufacturing sector. In 2010, China had become the leading source of Kenya’s Foreign Direct Investment, investing KES 2.5 billion into the country’s economy (Ombamba, 2012).

With booming infrastructure construction and real estate business, the demand for building materials are growing rapidly since the beginning of 21st century. Most building materials were imported from China, especially ceramic tiles products. High demand for ceramic tiles had attracted many ceramic MNEs from China and led to stiff competitions with local tycoons, resulted in fast-growing of Chinese-owned ceramic firms ascribes to multinational business experiences and decrease of market shares of Kenyan-owned ceramic companies due to slow adaptation to changing business environment and poor costs control management. Thus the gaps of strategic management effectiveness between Kenyan owned ceramic firms and Chinese owned ceramic firms in Kenya is widening and increasing attentions should be paid to resolve the incurring problems of strategic management effectiveness in ceramic sections.

**Globalization, Global Strategy and its Effectiveness:** Globalization is always presented as the strategic effort to treat the entire world, or an important part of it, as a single market in which to do business. “Think globally, act globally” (Wiener, 2007) is often considered as a key strategy for most aggressive enterprises to expand globally and consider it as one of the core competences to sustain superior organizational performances. To get business globalized is a significant strategic option for participating in globalization and attain high returns by exploitation of integrated resources, lower unit costs of labor or materials.

When it comes to global strategy, most business leaders and academicians make two assumptions: first, that the central challenge is to strike the right balance between economies of scale and responsiveness to local conditions; and second, that the more emphasis companies place on scale economies in their worldwide operations, the more global their strategies will be (Pankaj, 2007). These assumptions are problematic. The main goal of any global strategy must be to manage the large differences that arise across borders, which lead to differences of strategic management effectiveness among those MNEs with distinctive backgrounds, cultures, internal strengths and managerial or strategic styles.

Strategic management effectiveness can be measured by results or goals-oriented. Goals such as increasing market shares, improving customer satisfactions and desired ROI achieved come under the heading of strategic management effectiveness (Johnston, 2015).
This should be the way how entrepreneurs or managers measure whether strategic management decisions are actually improving their business performance. For every strategic decision that managers or entrepreneurs make, they need to set a deadline for checking in the future when they will measure the effectiveness of those decisions.

1.2 Statement of the Problem

Globalization refers to growing economic interdependence among countries, as reflected in the increased cross-border flow of three types of entities: goods and services, capital, and know-how (Gupta and Govindarajan, 2001). No any enterprises can grow big if they miss out in globalization. For those traditional industries, e.g. building materials, construction business, machinery, auto, most of those firms have to expand and globalize so as to attain the new market, or obtain the raw materials or labor at lower unit cost in order to sustain competitive advantages. Zhang and Zhou (2009) support that today’s companies often look beyond their national boundaries to expand their businesses as the globe becomes more and more interconnected.

With growing globalization, Chinese-owned ceramic suppliers and Kenyan-owned ceramic suppliers have been fighting for the market shares, revenues and returns in Kenyan market since the beginning of 21st century. With distinctive strategic approaches, organizational cultures and core competences, the gap of strategic management effectiveness between Kenyan owned ceramic firms and Chinese owned ceramic firms in Kenya are becoming broader and broader; however there have been no researches or studies regarding to the gap issues yet conducted up-to-date and there is no much related findings accessible for references, therefore implementing the study of examining the gap of effectiveness of strategic management between Kenyan owned ceramic firms and Chinese owned ceramic firms in Kenya is highly required.

Factors affecting effectiveness of strategic management between Kenyan ceramic firms and Chinese owned ceramic firms in Kenya will be elaborated in three points. First, strategic approaches are in respect to strategic formulation and strategic models selections, which are of great importance to the success of strategic management. Second, organizational culture plays a vital role in determining the effectiveness of strategic management, just as “A strategy that is at odds with a company’s culture is doomed. Culture trumps strategy every time – culture eats strategy for breakfast” - a remark made by Peter Drucker and popularized
by Mark Fields, President of Ford Motor Company (Toben, 2013). It’s obvious that can’t align organizational culture with its strategy well-fit will cause a failure to strategic management effectiveness. Furthermore, the core competences of organization are fundamental to enable ceramic business to get the upper hand in global market competition and sustain superior performance and thus its influences on effectiveness of strategic management between Kenyan owned ceramic firms and Chinese owned ceramic firms in Kenya should be taken into considerations.

Consequently upon the above-mentioned, factors affecting the gap of effectiveness of strategic management between Kenyan and Chinese owned ceramic firms in Kenya should be paid important attentions, and the resolution bridging the gap will be found and competitive advantages of the ceramic business will be attained.

1.3 General Objective

The general objective of this study is to examine the gap of effectiveness of strategic management between Kenyan and Chinese owned ceramic firms in Kenya and find out the solution resolving the gap issues and sustain superior performance in ceramic business.

1.4 Specific Objectives

1.4.1 To investigate strategic approaches affecting effectiveness of strategic management between Chinese owned ceramic companies and Kenyan owned ceramic companies in Kenya

1.4.2 To identify importance of organizational cultures on effectiveness of strategic management between Chinese owned ceramic companies and Kenyan owned ceramic companies in Kenya

1.4.3 To examine impacts of organizational core competences on effectiveness of strategic management between Chinese owned ceramic companies and Kenyan owned ceramic companies in Kenya

1.5 Significance of the Study:

1.5.1 Managers and Entrepreneurs

The study will be instrumental to ceramic business managers as they will be able to be accessible to any study findings regarding to the gap of strategic management effectiveness between Chinese owned ceramic firms and Kenyan owned ceramic firms in Kenya, which facilitates
them to make right strategic decisions in business. And the study will be helpful to entrepreneurs from China and Kenya to understand the importance of strategic approaches, organizational cultures and core competence on effectiveness of strategic management so as to set and adjust strategies against the changing business environment. **1.5.2 Policy Makers**

The study will be important to policy makers as it will identify gaps of effectiveness of strategic management between Chinese owned ceramic firms and Kenyan owned ceramic firms in Kenya. This will be instrumental to policy makers to establish appropriate regulatory environments that accommodate the Chinese cultures with the local cultures to ensure strategic management effectiveness in ceramic business.

**1.5.3 Scholars and Academicians**

The study intends to add to the existing pool of knowledge as to factors affecting gaps of effectiveness of strategic management between Chinese owned ceramic firms and Kenyan owned ceramic firms in Kenya. It also is expected to act as reference study of effectiveness of strategic management in ceramic industry in Kenya. Finally, the study is expected to form a basis where researchers and academicians may build their studies in respect to strategic management in ceramic section on in future.

**1.6 Scope of the Study**

The research was conducted by concentrating on Nairobi County where you could find a majority of the large Chinese and Kenyan ceramic firms. The study target population was 33 Chinese and Kenyan entrepreneurs or managers who had engaged in ceramic business for at least 5 years in Kenya. The time frame for the study was 6 months. The research was to be completed in June of 2016.

**1.7 Definition of Terms**

**1.7.1 Strategic Management**

Strategic management is the process of examining both present and future environments, formulating the organization's objectives, and making, implementing, and controlling decisions focused on achieving these objectives in the present and future environments (Smith, Arnold, Bizzell, 1991). As well it has been defined as a continuous process that involves attempts to match or fit the organization with its changing environment in the most advantageous way possible (Digman, 1990).
1.7.2 Strategic Approach

The strategy approach (to measuring organizational outcomes) assesses the extent to which work or life initiatives facilitate the company's ability to make progress on key business strategies (for example, as indicated by the congruence of work/life objectives and globalization, growth, etc.). This approach has been discussed by Lambert, 1999 and others (Lobel, 2003).

1.7.3 Organizational Culture

Organizational culture encompasses values and behaviors that "contribute to the unique social and psychological environment of an organization." According to Needle (2004), organizational culture represents the collective values, beliefs and principles of organizational members and is a product of such factors as history, product, market, technology, and strategy, type of employees, management style, and national culture. Ravasi and Schultz (2006) wrote that organizational culture is a set of shared assumptions that guide what happens in organizations by defining appropriate behavior for various situations. Schein (1990), in a more comprehensive fashion, defines culture as values and behaviors that are believed to lead to success and are thus taught to new members.

1.7.4 Core Competence

Core competence is the unique strength of the firm that helps it to differentiate its products from the competitor’s products in the long run (CK Prahalad, Gary Hame, 1990). It can also be defined as a harmonized combination of multiple resources and skills that distinguish a firm in the marketplace (Galunic, and Rodan, 1998)

1.7.5 Organizational Performance

According to Richard et al. (2009), organizational performance consists of three specific areas of firm outcomes: financial performance, product market performance and shareholder return.

1.7.6 Globalization

It refers to the Political, Economical, Social and Technological links in different countries (Hamilton & Webster, 2009). Globalization is a contested concept that refers to shrinkage of time and space (Steger, 2009). In another way, globalization is the diminution or elimination of state-enforced restrictions on exchanges across borders and the increasingly integrated and complex global system of production and exchange that has emerged as a result (Palmer, 2002).
1.8 Chapter Summary

The chapter presented an introduction to the study by investigating the gap of effectiveness of strategic management between Kenyan owned ceramic firms and Chinese owned ceramic firms and seeking the resolution bridging the gap. The chapter included a synopsis of the relationship between globalization, Sino-Africa relations and strategic management as elaborated in the section of background of problems. The statement of the problems, general objective, specific objectives, significance of the study, and scope of the study are also covered in this chapter along with definition of significant terms as applied in the study. In Chapter two, the study endeavored to conduct a comprehensive literature review of various sources of information. In detail, the chapter explored information available on the study objectives. The specific objectives guided the literature review chapter. Chapter three mainly discussed research methods and chapter four encompassed the results and findings of the research and chapter five the summary, recommendations and conclusions on the study respectively.

CHAPTER TWO
2.0 LITERATURE REVIEW

2.1 Introduction

This chapter presents a literature review. The chapter is presented in different sections as per the specific objectives of the study. These sections include impacts of strategic approaches, organizational cultures and core competences on strategic management effectiveness. The final section of the chapter is the summary of the literature review.

2.2 Importance of Strategic Approaches on Strategic Management Effectiveness  2.2.1 Introduction of Strategic Management

Strategic management is the process of examining both present and future environments, formulating the organizations objectives, implementing and controlling decisions focused on achieving these objectives in the present and future environments (Garry, Danny and Bobby, 1991). In other words, strategic management is involved in deploying a firm’s internal strengths and weakness to take advantage of its external opportunities and minimize its external threats/problems (Adeleke, Ogundele and Oyenuga, 2008).

Thompson and Strickland (2003) defined strategic management as the process whereby managers establish an organization's long-term direction, set specific performance objectives, develop strategies to achieve these objectives in the light of all the relevant internal and external circumstances, and undertake to execute the chosen action plans,

According to Durcker (1974), the prime task of strategic management is thinking through the overall mission of a business, i.e. asking the question what is our business? This leads to setting of objectives development of strategy and making of today's decision for tomorrow's result. This should be done by balancing the present objectives and needs against those of the future in the light of available resource (both present and future) of men and materials.

Studies on strategic management have shown that strategic management is concerned with deciding on strategy and planning how that strategy is to be put into effect. It can be thought of as having three elements within it: there is strategic choice stage which is to do with formulation of possible courses of action, their evaluation and the choice between them. Finally, there is a strategic implementation stage which is to do with planning how the choice of strategy can be put into effect (Oyedijo, Akinlabi and Kazmi, 2008). However this
part of dissertation will be concentrated on how to formulate the strategy and seek the best strategic approaches in order to attain the effectiveness of strategic management.

2.2.2 Effective Strategic Approaches Applied in Strategic Management

Successful strategic management is highly required in confrontation of nowadays increasing global business turbulence, nonetheless successful strategic management entails the best options for strategic formulation and strategic approaches in sequence, and therefore how to assess and choose the best model for strategic formulation will be of the first and foremost importance and within the process of the formulation the best strategic approaches should be availed for further analysis and illustrations.

2.2.2.1 SOSTAC MODELS

The SOSTAC planning system, developed by Chaffey and Smith (2008), is a worldwide famous strategic formulation model for many organizations or individuals to utilize, characterized in its simplicity to adopt and comprehensiveness to cover all the relevant factors and practicality to applicable in management process. SOSTAC was a framework originally applied to marketing strategy development and now it is widely used in strategic management. SOSTAC offers a logical sequence to follow and to ensure inclusion of all key activities of strategy development (Turesson, 2012) and implementation and control. SOSTAC includes six stages with proposed elements and methods to use in accordance to strategy development. The six stages are: Situation analysis, Objectives, Strategy, Tactics, Action and Control. The first letter in each variable forms the name SOSTAC. These stages are not discrete but rather overlapping (Figure 2.1). One advantage with SOSTAC is that it offers organizations a flexible and adaptable framework to employ the right combination and relevancy in content and structure (Chaffey et al., 2009).
Figure 2.1: The SOSTAC planning framework  
(Source: Chaffey & Smith, 2008)

It is a straightforward model that goes systematically through the steps to build strategic process, and helps to ensure that all relevant factors are considered, without the need to go into excessive and expensive detail (Les Roches, 2012). S stands for Situation - Where are we now; O stands for objectives - Where do we want to get to; S stands for strategy - How are we going to get there (The Big Picture); T stands for tactics - How are we going to get there (The Detail); A stands for actions - Who is going to do what and when; C stands for control - How can we control, measure and develop the process (Chaffey, 2015).

The first stage - situation analysis could be defined as the collection and review of organizations’ internal capabilities and external possibilities with purpose to carry out the organizations strategic formulation and implementation. It has the same characteristics as other planning models, using PESTEL model will define situation analysis systematically, which will be manifested in details latter.

The second stage – establishing objectives is based on the business type objectives and it is necessary to develop a well-established informal basis for all the company employees (Bondrea, Gardan & Geangu, 2007). Applying SMART Principle will be instrumental to set smart objectives.

The third stage – strategies, will define the type of action to be taken, and they refer to the types of strategic approach. The classic strategic models like Resource Based View Model, Input-Output Model, Balanced Scorecard, and Blue Ocean Strategy will be well presented later in sequence.

The fourth stage – tactics is how to apply strategies on short-term and put strategies into practice. Various types of techniques as direct marketing, local & global outsourcing, etc can be used in order to ensure effectiveness of strategic models, should the relational approach is being looked at.

The fifth stage – action plans – particular sets of activities that conclude the achievement of the objectives (Bondrea, Gardan & Geangu, 2007). Should a relational approach is been taking here, it is of utmost importance to derive a clear communication and involvement from all the personnel.
The last stage – in the process of planning – control, is about setting up clear evaluation criteria and a full range of testing activities (Bondrea, Gardan & Geangu, 2007). This may take us to a real level of information about efficiency and future paths to a new process of strategic planning.

2.2.2.2 PESTTEL MODEL

Introduction of PESTTEL MODEL:

PESTEL model describes a framework of macro-environmental factors used in the environmental scanning component of strategic management. It is a part of the external analysis when conducting a strategic analysis or doing market research, and gives an overview of the different macro-environmental factors that the company has to take into consideration. It is a useful strategic tool for understanding market growth or decline, business position, potential and direction for operations (Babatunde & Adebisi, 2012).

Figure 2.2: PESTEL ANALYSIS MODEL
(Source: Knowledgebrief, 2012)

A PESTEL analysis studies important factors of these six aspects. To study political factors, it should be attend every political change that impact on the organization such as legislation, global changes forthcoming, lows relating to the industry, maternity rights, data protection, health and safety, environmental policy, taxes, regulation of transfer for capital and labor, etc. Political factors can lead to economical factors for example; tax decisions are made by politicians (Hamid, 2009). Rent rates, exchange rates, inflation level, income growth, debts and savings level, business cycles, unemployment, availability of relevant resources, the key industries and industrial clusters, industry structures, customer confidence and
organization, are important factors that affect (Thompson, 2002). All of these factors affect on social factors too and affected by them. Social factors establish elements of a society and the most important of them are: population and demographics (Distribution of income, mobility, level of education, growth rates, and age distribution, lifestyle changes, living conditions, work/career and leisure attitude, entrepreneurial spirit, customer behavior (savings rates, preferences for branded/unbranded products), fashion, hypes, pollution, harmful factors, the role of women in society, etc (Recklies, 2006). Moreover above, technological advances affect on success of the organization. Internet, nanotechnology, mobile phone, and increasing advances in computer have been leaded to decrease cost, time, and travel and nearer distance (Pearce & Robinson, 2005).

2.2.2.3 SMART PRINCIPLE

The first known use of the term is commonly attributed to George T Doran in the November 1981 edition of Management Review. Ideally speaking, each corporate, department, and section objective should be: specific - target a specific area for improvement; measurable - quantify or at least suggest an indicator of progress; assignable - specify who will do it; realistic - state what results can realistically be achieved, given available resources; time-related - specify when the result(s) can be achieved (Doran, 1981).

![Figure 2.3: SMART CRITERIA](Source: Learnmarketing, 2015)

Through many years development and practical tests, SMART criteria has become the commonly and widely used principle for smart goals or objectives settings, “Backed by years of research data supporting its viability, goal-setting techniques work and work well” (Locke & Latham, 1990). SMART as a technique applies to all aspects of life, it helps people make long and short-term goals which are specific, measurable, assignable, realistic and realistic.
so as to attain superior performance individually and collectively. Consequently SMART criteria should be the best means for setting smart objectives.

2.2.2.4 Strategy Models

2.2.2.4.1 Resources Based View Model

The resource-based view (hereinafter called RBV) argues that firms possess resources, a subset of which enables them to achieve competitive advantage, and a further subset which leads to superior long-term performance (Wernerfelt, Barney and Grant, 1984, 1991). The RBV suggests that the resources possessed by a firm are the primary determinants of its performance, and these may contribute to a sustainable competitive advantage of the firm (Wernerfelt, 1984). According to Barney (1991), the concept of resources includes all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness (Barney, 1991). Resources that are valuable and rare and whose benefits can be appropriated by the owning (or controlling) firm provide it with a temporary competitive advantage. That advantage can be sustained over longer time periods to the extent that the firm is able to protect against resource imitation, transfer, or substitution. Firms gain and sustain competitive advantages by deploying valuable resources and capabilities that are inelastic in supply (Wernerfelt and Barney, 1984, 1991). Since the earliest conceptual work published in the 1980s, there has been continuing evolutions for this resource-based assertion, the RBV of the firm become one of the most widely used theoretical frameworks in the management literature (Beard, Sumner and Runyan, 2004, 2006).

The following model will explain RBV and focus on key points of it:
According to RBV proponents, it is much more feasible to exploit external opportunities using existing resources in a new way rather than trying to acquire new skills for each different opportunity (Yann, 2016). In RBV model, resources are given the major role in helping companies to achieve higher organizational performance. There are two types of resources: tangible and intangible (2013, Ovidijus). Resources can also be “tangible”, which can be observed and evaluated with clarity, like physical resources lands, buildings, machinery, equipments etc. and “intangible”, which cannot be directly observed or quantified, like the reputation of a company or a product, organizational culture, management and coordination abilities, brand values, non-documented technologies and knowledge, among others. Resources and capabilities can be defined as “strategic” when they are valuable, rare, inimitable, non-substitutable, or still, ambiguous to competitors and can be used as basis for the achievement of competitive advantages.

Two assumptions of RBV are that resources must also be heterogeneous and immobile. Heterogeneity in an industry can involve situations in which the amount of strategic resources is limited and scarce in relation to its demand (Peteraf, 1993). It can be more clearly understood if we assume that firms with superior resources have lower average production costs than the other firms. The heterogeneity in relation to other firms’ resources and the existence of scarcity in relation to demand are essential conditions to improve profit performance through the use of a strategic (superior) resource. Immobility refers to resources are not mobile and do not move from company to company, at least in short-run.
Due to this immobility, companies cannot replicate rivals’ resources and implement the same strategies. Intangible resources, such as brand equity, processes, knowledge or intellectual property are usually immobile (2013, Ovidijus).

VIRO framework requires the resources a firm is supposed to own in order to maintain sustainable competitive advantages must be valuable, inimitable, rare and organized((Barney, 1991). If the resources can’t meet these conditions, they will not lead to superior competitive advantages.

The importance of the resource-based view (RBV) of strategic management is manifest in its rapid diffusion throughout the strategy literature (Wernerfelt et al., 1984), nowadays RBV are extensively applied in strategic management ranged in large area of industries and its increasing significance has been accepted by more and more entrepreneurs and managers.

2.2.2.4.2 Balanced Scorecard

The concept of the Balanced Scorecard (BSC) was developed in the early 90’s as a new approach to performance measurement due to problems of short-termism and past orientation in management accounting (Kaplan & Norton, 1992). The concept of the BSC is based on the assumption that the efficient use of investment capital is no longer the sole determinant for competitive advantages, but increasingly soft factors such as intellectual capital, knowledge creation or excellent customer orientation become more important (Frank, Tobias, Stefan and Marcus, 2002). The Balanced Score Card (BSC) is a strategic planning and management system used to align business activities to the vision and strategy of the organization, improve internal and external communication and monitor organizational performance against strategic goals. It is a performance measurement tool that considers not only financial measures but also customer satisfaction, business process and learning measures (Johnson et al, 2008).As a reaction Kaplan and Norton suggested a new performance measurement approach that focuses on corporate strategy in four perspectives (Kaplan & Norton, 1992). This BSC aims to make the contribution and the transformation of soft factors and intangible assets into long-termed financial success explicit and thus controllable. The BSC’s four perspectives can be characterized briefly as follows (Kaplan & Norton, 1992):
The Balanced Scorecard is a management system that maps an organization's strategic objectives into performance metrics in four perspectives: financial, internal processes, customers, and learning and growth (Johnson et al, 2008). These perspectives provide relevant feedback as to how well the strategic plan is executing so that adjustments can be made as necessary.

The Balanced Scorecard (BSC) is a process and a set of tools that help companies translate strategy into operational objectives that drive both behavior and performance. BSC proved successful in aligning the organization with the Strategy (Norton & Kaplan, 1992). And thus BSC should be considered as one of important instruments applicable in strategic management of companies, utilizing BSC well will ensure the effectiveness of strategic management.

2.2.2.4.3 Input-Output Model

Wassily Leontief won a Nobel Prize in economics in 1973 for what became known as the input-output (I-O) model for economy (Leontief, 1966). Input-output model considers inter-industry relations in an economy, depicting how the output of one industry goes to another industry where it serves as an input, and thereby makes one industry dependent on another both as customer of output and as supplier of inputs (Wikipedia, 2015).

Mr. Leontief (1966) asserted that interdependence of an economy’s various productive sectors by viewing the product of each industry both as a commodity demanded for final consumption and as a factor in the production of itself and other goods; certain simplifying assumptions are made, such as that productive resources will always be combined in the
same proportions to produce any amount of a final product. Then it is possible to determine the total quantities of various goods that must be produced to obtain a given amount for final consumption. It is widely applied in planning production levels in various industries necessary to meet given consumption goals; also used to analyze the effects throughout the economy of changes in certain components; most widely used in planned economies and in developing countries (Leontief and Wassily, 1986).

The model usually involves constructing a table in which each horizontal row describes how one industry’s total product is divided among various production processes and final consumption. Each vertical column denotes the combination of productive resources used within one industry. If, for example, the first row of a table for a very simple economy describes the distribution of the total production of trucks, it would show that a certain quantity of trucks is used in the production of more trucks, a certain quantity in the production of agricultural commodities, a certain quantity in the production of houses, a certain quantity by private households, and so on. If the numbers are added across the row, the total quantity of trucks produced is obtained (Pedro, Mario, Antonio, 2015). A table of this type illustrates the dependence of each industry on the products of other industries: for example, an increase in food output is also seen to require an increase in the production of trucks.

Input–output tables can be constructed for whole economies or for segments within economies. They are useful in planning the production levels in various industries necessary to meet given consumption goals and in analyzing the effects throughout the economy of changes in certain components. They have been most widely used in planned economies and in developing countries (Leontief, 1966).

**2.2.2.4.4 Blue Ocean Strategy**

Kim and Mauborgne (2005) created a management approach called Blue Ocean Strategy (BOS). They introduced the concept of a universe made of blue and red oceans. Red oceans are known markets. They are well defined and highly competitive. Small and weak organizations perish in this market, making it bloody – thus creating a “red ocean”.

In contrast, blue oceans are unexplored market. They have potential for demand creation and profitable growth (Kim and Mauborgne, 2005). A blue ocean does not need to be something completely new, but can be a red ocean expansion. The blue color represents
innovation, which is followed by change of market shape, and, later, content evolution (Aboujafari, Farhadnejad, Fakher and Bagherzadeh, 2013).

Table 2.1: Comparison between Blue and Red Ocean Strategies

<table>
<thead>
<tr>
<th>Blue Ocean Strategy</th>
<th>Red Ocean Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creating a competition-free market space</td>
<td>Competition occurs in existing MKT space</td>
</tr>
<tr>
<td>Competition becomes irrelevant</td>
<td>Beating the competition is necessary</td>
</tr>
<tr>
<td>No substitution between value and cost</td>
<td>Attend existing demands</td>
</tr>
<tr>
<td>Create and capture new demand sources</td>
<td>Value/Cost trade-off</td>
</tr>
<tr>
<td>Company’s activities are aligning choosing both differentiation and low cost strategy</td>
<td>Company’s activities are aligning choosing differentiation or low cost strategy</td>
</tr>
</tbody>
</table>

(Source: Layton, 2009, Corporate Strategy Institute)

Table 2.1 shows the differences between red and blue oceans approaches. Kim and Mauborgne (2005) argue that the most important difference is lacking of value/cost trade-off. In traditional strategies, cost is dictated by product’s value. A company can choose to offer customers a higher cost with a higher value, or a lower cost with a reasonable value. However, blue ocean strategy pursues both diversification and low cost. Fig. 2.6 compares these strategies in relation to buyer value and cost.

![Value/Cost Trade-off in Red and Blue Oceans](source)

**Figure 2.6: Value/Cost Trade-off in Red and Blue Oceans**

(Source: Applying Blue Ocean Strategy to Game Design: A Path to Innovation, 2013, SBC)

To create a blue ocean is a necessity for companies who want to move on. Several factors as globalization, technology, innovation, prices, and market shares are facts leading companies to choose their best solution: blue ocean strategy. The strategy is to create a new demand and go in another direction than competition (Miano, 2013). Thanks to blue ocean
strategy, companies create a new undisputed market space where they can fix all the rules, criteria and factors which can influence the market. They innovate and create a value jump which makes competition irrelevant (Nyambane, 2011).

Companies’ innovation is in deep relation with price and costs. In red oceans, companies have to make a choice between differentiation and cost domination. In blue oceans, both objectives are targeted (Kim and Mauborgne, 2005).

Blue ocean strategy is one of the most famous strategic approaches applied in business strategic management activities, focused on creating new or uncontested market where the competition is far less stiff than those in maturely developed or traditional industries, and especially generating new values both for companies and consumers. Thus, blue ocean strategy is the best way to make competition irrelevant on a market space (Kim and Mauborgne, 2005)

2.2.2.6 Summary of Strategic Approaches

Based on above-mentioned strategy formulation process and in between the strategic models presented, to choose the approach best-fitting to the managerial situations is the managers’ or entrepreneurs’ priority to ensure the effectiveness of strategic management. Without proper strategic planning and strategic options no success of strategic management will be warranted. Paying good attention on strategic approaches is therefore of great importance to effectiveness of strategic management.

Different strategic approaches applied by firms will be resulted in different effectiveness of strategic management. In order to ensure success of the strategic options, every firm ought to seek the best strategy-fit with its internal capacities and external environment. Each company should adopt a unique approach to creating its strategy, which should include creating a competitive advantage by choosing a specific set of activities to deliver value to the customer (Porter, 1996). The right strategic approaches will be adopted depending on the various resources and core competences of the firms, thus there is no the best strategic solution existed for all the companies, however every company can find the best strategic-fit.
2.3 Impacts of Organizational Cultures on Effectiveness of Strategic Management

2.3.1 Introduction of Culture Dimensions Theory

When discussing about researches or studies upon cultural differences across borders achieved so far, there is a quite a number of experts need to mention, among them Hofstede and Thrompenaars are the most influential gurus who had established Five Cultural Dimensions and Model of National Culture Differences respectively. In this paper, Hofstede’s five cultural dimensions will be elaborated in conjunction with effectiveness of strategic management, namely power distance, individualism, uncertainty avoidance, masculinity and long term orientation.

2.3.2 Impacts of Five Culture Dimensions on Effectiveness of Strategic Management

2.3.2.1 Power Distance

According to Hofstede (1984), power distance refers to the extent to which the less powerful individuals of institutions and organizations accept that power is distributed unequally. In societies with high power distance, people blindly obey the orders of their superiors; lower-level employees tend to follow orders as a matter of procedure. Strict obedience is found even at the upper levels, like China, India. In societies with high power distance, each person has his/her rightful place in society, where there is respect for old age, and status is important to show power. In societies with low power distance, people try to look younger than they are and powerful people try not to show their status and power (Khairullah, 2013). In low power distance societies, it is very acceptable to challenge superiors, albeit with respect (Bergiell and Upson, 2010). Organizations in low power distance countries always will be decentralized and have flatter organization structures. These organizations also will have a smaller proportion of supervisory personnel, and the lower strata of the workforce often will consist of highly qualified people. Power distance refers to inequality of power that is mainly between the subordinates and superiors in respect to organizational structure. High power distance in organizations is obvious, meaning that the hierarchy in organization has to be there no matter what and there is connection between the subordinates and the managers in every organization which is totally from low power distance organizations which have the tendency of a flat organizational structure (Wu, 2006).

In the field of organizational management, people in large-power-distance cultures can find his or her rightful place in a hierarchical structure. The rightful place concept is important
for understanding the role of everyone in an organization and how to position themselves is the key to survival. Both Chinese and Kenyan cultures serve that purpose, in Kenyan or Chinese culture one’s social status must be clear so that others can show proper respect and everyone acts according to their positions, not follow the hierarchical requirements will lead to failures of their career and life.

2.3.2.2 Individualism vs. Collectivism

2.3.2.2.1 Individualism

Individualism refers to the tendency of people to look after themselves and their immediate family only (Hofstede, 1994). Hofstede measured this cultural difference on a bipolar continuum with individualism at one end and collectivism at the other. Societies with high individualism tend to have greater support for the Protestant work ethic, greater individual initiative, and promotions based on market value. Countries with low individualism tend to have less support for the Protestant work ethic, less individual initiative, and promotions based on seniority. Protestant work ethic is concept in sociology, economics and history which emphasizes hard work, frugality and diligence as a constant display of a person's salvation in the Christian faith as opposed to the focus on religious attendance, confession, and ceremonial sacrament in the Catholic faith (Hofstede, 1994). Hofstede (1994) found that wealthy countries have higher individualism scores and poorer countries higher collectivism scores.

2.3.2.2.2 Collectivism

Collectivism reflects the tendency of people to belong to groups or collectives and to look after each other in exchange for loyalty (Hofstede, 1984). In collectivist countries: offence leads to shame and the loss of face, employer/employee relationships are perceived in moral terms (like a family link), hiring and promotion decisions take account of the employee’s in-group and management is the management of groups.

2.3.2.3 Uncertainty Avoidance

Uncertainty avoidance refers to the extent to which people feel threatened by ambiguous situations, and have created beliefs and institutions that try to avoid these uncertainties (Hofstede, 1984). Cultures with low uncertainty avoidance tend to accept risk and change and prefer implicit or flexible rules and guidelines. In cultures with high uncertainty
avoidance, people always feel anxious by situations that are unstructured, unclear, or unpredictable (Hofstede, 1994). **2.3.2.3.1. Strong Uncertainty Avoidance**

Strong uncertainty avoidance is referred to the extent to which a culture programs its members to feel either uncomfortable or comfortable in unstructured situations. According to Talha (2012), in societies of strong uncertainty avoidance, there is a need for rules and formality to structure life; which translates into the search for truth and a belief in experts. People are less open to change and innovation than people of low uncertainty avoidance societies.

**2.3.2.3.2. Weak Uncertainty Avoidance**

Cultures with low uncertainty avoidance have people who are more willing to accept that risks are associated with the unknown that life must go on in spite of this (De Mooij and Hofstede, 2010). Low uncertainty avoidance organizations also referred to as weak uncertainty avoidance, rules and rituals does not prevail (Zadock, 2015).

**2.3.2.4 Masculinity vs. Femininity**

According to Hofstede (1984), masculinity is defined as a situation in which the dominant values in society are success, money, and things. In countries with high masculinity, people places great importance on earnings, recognition, advancement, and challenge. Individuals are encouraged to be independent decision makers, and achievement is defined in terms of recognition and wealth. The workplace is often characterized by high job stress, and managers believe that their employees dislike work and must be kept under some degree of control.

In contrast, in cultures high in femininity there is a dominance of feminine values such as preference for "friendly atmosphere, position security, physical conditions and security" (Hofstede, 2001, p.281). "Masculinity" is concerned with the extent to which the dominant values in a society are "masculine," which means accumulating money and wealth and not wanting to care about others at all. Femininity on the other hand is a situation in which the dominant values in society are caring for others and quality of life. Masculinity is an assertive or competitive orientation of thinking and acting (Khairulla, 2013).

Chinese society and Kenyan cultures, both of them are highly masculine oriented.
2.3.2.5 Long Term Vs Short Term Orientation

Long Term Orientation stands for the fostering of virtues oriented towards future rewards, in particular perseverance and thrift. Its opposite pole, Short Term Orientation, stands for the fostering of virtues related to the past and present, in particular, respect for tradition, preservation of ‘face’ and fulfilling social obligations (Hofstede, 2001, p 359).

Some cultures focus heavily on short term horizons, such as short-range goals of profit and efficiency. Others are more interested in long-range goals, such as market share and technologic development. Cultures with short-term orientation place strong importance on family, discipline and social obligations. On the other hand, culture with long-term orientation, take a more pragmatic approach: they encourage thrift and efforts in modern education as a way to prepare for the future. Encouraging virtues are from short term which relates to the past and present, tradition respect, and the fulfilling of social obligations (Hofstede, 2005). Long term versus short term orientation refer to the extent to which a society exhibits a pragmatic future-orientated perspective rather than a conventional historic or short-term point of view (De Mooij, 2010).

2.3.3.6 Summary of Culture Dimension

Organizational culture is interconnecting with its strategic management. Masculinity will mainly affect negatively joint ventured projects, whereas individualism will have a negative impact mainly on voluntary joint management of the organization (Tiessen, 1997). Moreover, measuring the level of control of a company that is a joint venture, it’s appropriate to use power distance whereas promoting projects that are joint ventures that’s in foreign direct investment uncertainty avoidance is the best option (Hofstede, 1980). Furthermore, endeavoring to take advantage of the strength of cultural dimensions and avoid the weakness of the cultural diversities should be the best choice for entrepreneurs and managers in terms of effectiveness of strategic management in organizations.

2.4 Importance of Core Competence on Strategic Management Effectiveness

2.4.1 Introduction of Core Competence

What is an organizational competence? How are firms enabled to compete over time? Utilizing different terms such as distinctive capability, distinctive competence, or core competence, researchers have done much to advance understanding of the organizational competence, especially since Prahalad and Hamel (1990) published their article entitled
“The Core Competence of the Corporation.” It’s argued that an organizational competence must be larger than the capabilities held by individuals within an organization.

An organizational competence includes an integration of some kind, usually of technology and skills. An example would be the Honda Corporation’s ability to integrate the technology of internal combustion with the functional skills of engineering and manufacturing to create high quality small engines (Hamel & Prahalad, 1994). 2.4.2 Defining Core Competences in Conjunction with Strategic Management

A mission of strategic management is to provide a firm with competitive advantage by internal resource allocation and capabilities, i.e., to ensure an organization on competing for future success. The strategic management field is focusing on the role of competencies and resources that accumulate within a firm (Dierickx, Cool, Barney, Quelin, Arregle and Quelin, 1989; 1991; 2000) because the core competency of a company not only becomes the distinct corporate signature but also provides the company with its competitive advantage (Harvey, Buckley, 1997). Because it is a pool of experience, knowledge, and systems that create and accumulate new strategic assets that constitute a firm's competitive advantage (Duysteers and Hagedoorn, 2000). A firm acquires competitive strength by developing new competencies through organizational transformation with acquisition and integration of knowledge (Carayannis and Alexander, 2002). Such transformation can be observed in HortResearch Company, a New Zealand scientific research institute. The core competence strategy process was the major driver of the transformation of HortResearch into a commercially responsive and successful science business (Clark and Scott, 2000). To put another way, Lei et al. (1996), proposed that core competence(s) based on double loop learning produce organizational specialization that is difficult to imitate since competencies have special qualities can provide a sustainable competitive advantage in this way (Gallon and Stillman, 1995).

Core competences are those competences which allow firms a superior advantage, and according to Hamel and Prahalad (1994) to be considered “core” the competence must meet three criteria: First, customer value: a core competence must make a significant contribution to customer perceived value. Second, competitor differentiation: any competence across an industry cannot be defined as core unless the firm’s level of competence is superior to all its competitors and should be difficult for to imitate. Thirdly, extendibility: the competence must be capable of being applied to new product arenas.
2.4.3 Managing Core Competences

Main basis of core competencies are activities, skills and disciplines, which are termed primary capabilities (Gallon and Stillman, 1995). The aptitudes, the skills and motivation of the employees are essential conditions for develop a core competence because knowledge is carried through human resources to achieve the company's objectives (Godbout, 2000). In a sense, those core competencies must be a capability which the organization can sustain over time (Torkkeli and Tuominen, 2002). The management of technological competences is important because it produces increasing economic revenues as they focus more narrowly on knowledge assets and processes that are non-substitutable, rare, and valuable (Carayannis and Alexander, 2002). It is established that Core competence development efforts are based on capabilities, resources, organizational learning, R&D works, technology, and work teams. Additionally, the content and form of the core competencies are shaped through the linkages between the organization's goals, structure and culture (Godbout, 2000). Building competence requires a large amount and variety of employee participation, and demands rigorous analytical activity (Gallon and Stillman, 1995), and organizational learning (Lei et al., 1996). In addition, core competencies should be developed around strategic business factors because this approach leads to a common understanding of where the key performance gaps were in the business (Clark and Scott, 2000). Core competence-based competitive advantage can be sustainable over time, if the company exploits cumulative learning about the technology effectively (Torkkeli and Tuominen, 2002). Recent conceptual work suggested the importance of organizational learning for core competence development (Lei et al., 1996). Organizational learning translates knowledge into core competences. This is because core capabilities are a function of the firm's ability to organize itself into a knowledge-creating system (Lei et al., 1996).

Critical competence recognizes the unique competencies of a firm through generic techniques. In this sense, though the core competencies of firms are dissimilar, their critical competence is universal. Hamel (1994) has labeled the hierarchy and differences between meta-competencies, core competencies, and constituent skills.
2.4.4 Importance of Core Competence

Core competencies are significant for firms in competitive business climate. These are the combined learning of the organization, particularly how to coordinate the diverse production skill and amalgamate numerous technologies. Organizations which recognize its core competencies can create more value and enhance output. Core competences must join together around individuals working in the organization. These people should identify their effort in building and underpinning these core competencies. Contrasting physical assets, which can depreciate with time, competences are enhanced as applied and share across the organization. The competences bind businesses simultaneously as well as cover the way for new business development. It is established that core competences of a business are also guiding principles for new markets and diversification (Drejer, 2002).

Core competence is a firm-specific organizational signature that leads to market dominance. It is a signature because represents a firm-specific way of doing business, and emerges from organizational knowledge, expertise, experience, skills, systems, technology, capabilities and resources along with value chain that all differentiate firm from their competitors (UYȘAL, 2014). Those assets are cornerstones for organizational operations that firm do better than rivals. Core competence is critical to success of strategic management in organizations.
2.4.5 Summary

The chapter covered an in-depth literature review following the specific objectives of the study. The first specific objective of study addressed the impacts of strategic approaches on effectiveness of strategic management whereby the four classic strategic models presented in details. The second specific objective of study examined the importance of organizational culture on strategic management effectiveness whereby the five dimensions of culture well presented and illustrated its effects on strategic management. The third specific objective of study encompassed the influence of core competences on strategic management effectiveness. Chapter three includes the research methodology, population, sample design, data collection as well as data analysis methods that were applied in the study.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers the research methods that were adopted to meet the specific objectives of the study. This chapter encompasses the research design, the population of study, the
sampling design, sampling frame, the sampling technique and the sample size. The chapter also covers data collection methods, research procedures, data analysis and the data presentation methods that will be applied. The final section will be the summary for the chapter.

3.2 Research Design

According to Blumberg, Cooper, & Schindler (2008), research design is the strategy and structure conceived in a bid to acquire solutions to research problems; it is also defined as a blueprint for collection, measurement and data analysis. The research design that was employed in this study is the descriptive research design which, according to Saunders, Lewis, & Thornhill (2012), is a design meant to demonstrate a preference for commencement with and utility of theory in qualitative research. The descriptive research design was therefore chosen as the most appropriate design to gather information from managers and entrepreneurs from Chinese owned ceramic firms and Kenyan owned ceramic firms, who have conducted ceramic business in Kenya and have been making strategic management decisions.

The dependent variable for the study was effectiveness of strategic management, whereas the independent variables were factors such as strategic approaches, organizational cultures and core competences.

3.3 Population

3.3.1 Population

Population has been defined as a large collection of individuals who form part of the main focus of a scientific query in a study (Cooper and Schindler, 2003).

The target populations for the study were 8 local ceramic firms and 5 Chinese ceramic enterprises including 170 Kenyan and Chinese managers and entrepreneurs who have engaged in ceramic business in Kenya.

<table>
<thead>
<tr>
<th>Ownership of Ceramic Firms</th>
<th>Names of The Ceramic Firms</th>
<th>Populations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

31
### Kenyan-owned Companies

<table>
<thead>
<tr>
<th>Ceramic</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>TILE &amp; CARPET</td>
<td>25</td>
</tr>
<tr>
<td>SAJ</td>
<td>25</td>
</tr>
<tr>
<td>IDEAL CERAMIC</td>
<td>20</td>
</tr>
<tr>
<td>CTM</td>
<td>15</td>
</tr>
<tr>
<td>RAK</td>
<td>10</td>
</tr>
<tr>
<td>FLAMINGO TILES</td>
<td>10</td>
</tr>
<tr>
<td>ASL</td>
<td>10</td>
</tr>
<tr>
<td>TILE PALACE</td>
<td>5</td>
</tr>
</tbody>
</table>

### Chinese-owned Companies

<table>
<thead>
<tr>
<th>Ceramic</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOUSEMART</td>
<td>25</td>
</tr>
<tr>
<td>BORDAR</td>
<td>8</td>
</tr>
<tr>
<td>LUCKY AFRICA</td>
<td>7</td>
</tr>
<tr>
<td>JINSENG</td>
<td>5</td>
</tr>
<tr>
<td>UJENZI</td>
<td>5</td>
</tr>
</tbody>
</table>

**Total** 170

### 3.3.2 Sampling Designs

#### 3.3.2.1 Sampling Frames

Kothari (2006) defines sampling frame as a list of names of all items of a population. He explained that a sampling frame should entail a complete that has the correct population members only. For this study the sample frame was a stratified sampling of people who are managers and directors of Chinese-owned and Kenyan-owned ceramic companies. The researcher consulted the Kenya Investment Authority for a list of the people who met the desired target group. Thereafter the researched narrowed down to ceramic businesses that have existed for more than 5 years and have been the major players in the industry, one Chinese ceramic firms and two Kenyan ceramic firms, which are HOUSEMART, TILE & CARPET and SAJ. The researcher targeted top level managers and chief executive officers in these major ceramic firms.
3.3.2.2 Sampling Techniques

The sampling techniques applied in this study are stratification and simple random sampling, which assist researchers carry out smart sampling after targeting right populations.

Stratification is a term used to characterize a structure of inequality where individuals occupy differentiated structural positions and the positions are situated in layers (or strata) that are ranked hierarchically according to broadly recognized standards (Parsons, 1940).

A simple random sample (SRS) of size n consists of n individuals from the population chosen in such a way that every set of n individuals has an equal chance to be the sample actually selected (Moore and McCabe, 2006).

Once stratified, each strata (company) will apply simple random sampling for further data analysis.

3.3.2.3 Sample Size

Kothari (2006) defines sample size as the number of items to be selected from the population. The size of the sample should neither be excessively large nor too small. It ought to be ideal. A perfect sample is one which accomplishes the right requirement of reliability, efficiency, flexibility and representativeness. The sample size for the study was one Chinese firm and two Kenyan owned ceramic firms inclusive of 33 study participants. These included 29 business managers and 4 directors of three major enterprises, who have been conducting ceramic business in Kenya over 5 years as indicated in the table 3. Table 3.2: Simple Size

<table>
<thead>
<tr>
<th>Strata</th>
<th>Population</th>
<th>Sample Size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers &amp; Directors in T &amp; C</td>
<td>25</td>
<td>11</td>
<td>33.33%</td>
</tr>
<tr>
<td>Managers &amp; Directors in HOUSEMART</td>
<td>25</td>
<td>11</td>
<td>33.33%</td>
</tr>
<tr>
<td>Managers &amp; Directors in SAJ</td>
<td>25</td>
<td>11</td>
<td>33.33%</td>
</tr>
<tr>
<td>Total</td>
<td>75</td>
<td>33</td>
<td>100%</td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

A data collection method refers to the means the researcher will use to gather data (Kothari, 2006). The collection of data is a crucial operation in the execution of good research designs hence the quality of the research rests on the quality of data. Quantitative data collection techniques are based on numerical values and are more amenable to statistical analysis.
Questionnaires will be used which is a method of collecting data in which a selected group of participants are asked to complete a written set of questions to find out what they do, think or feel (Collis & Hussey, 2013). The questionnaire was structured and included the following sections; section one targeted the background information of the respondents, section two impacts of strategic approaches on effectiveness of strategic management, sections three importance of organizational culture on effectiveness of strategic management and section four influence of core competences on effectiveness of strategic management. The questionnaire had linked scale questions ranging from 1 (strongly agree or never) to 5 (strongly disagree or very often) which were used to measure the factor variables affecting effectiveness of strategic management. These questions required the respondents to indicate to what extent they agreed with the statements cited in each of the factor variables.

3.5 Research Procedures

According to Blumberg (2008), the research procedure applied by the researcher involved conducting a pilot study or a pre-test, this was best suited in order to analyze the questions and determine the questions were well framed and they were not ambiguous, a pre-test was important as it evaluated the respondents interest. Pilot studies are vital for analyzing the time it takes to answer the questions as well as assessing validity of the questions (Saunders et al, 2012). This was done by administering the questionnaire to 5 respondents who were selected randomly from the sample size of 33. The researcher administered the questionnaire in order to take advantage of the respondents who wished to engage in interviews which provided further information on influence of strategic approaches, organizational culture and core competences on effectiveness of strategic management in ceramic industry of Kenya.

3.6 Data Analysis Methods

The researcher applied both descriptive and inferential statistics for the analysis of the data. Descriptive statistics is simply a process of transforming a mass of raw data into tables, charts, with frequency distribution and percentages which are a very vital part of making sense of the data (Denscombe, 2012). The descriptive statistics included use of the mean, frequency and percentages while the inferential statistics utilized correlations and multi-regressional analysis. The researcher utilized the Statistical Package for Social Sciences (SPSS) to conduct statistical analysis and present the findings.
3.7 Chapter Summary

This chapter provided the research methodology, outlining the research design that the researcher used in the study. The chapter also justified the need for a research design as it was relevant in this study. It also sought to expound on the study population size, the sampling technique, the sample frame and sample size used to undertake the study. Chapter four covers data analysis and display of the information collected from the self administered questionnaire.

CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the results and findings of the data collected from the respondents based on the specific objectives provided. The results are presented according to the specific research objectives set in chapter one. The chapter is presented in sections which include demographic information of the respondents and the specific research objectives. The
demographic information includes the gender, age, education level, occupation, nationalities, and number of years of experience of doing ceramic business in Kenya market.

Table 4.1 Response Rate

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questionnaires Returned</td>
<td>33</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.2 Background Information

4.2.1 Gender of Respondents

The table 4.2 presents the results of the study with regards to the gender of managers of ceramic firms who participated in the study. It is shown in table 4.2 that managers of ceramic firms that participated in the study, 33.3% were female and the remaining 69.7% were male.

Table 4.2 Gender of Respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>23</td>
<td>69.7%</td>
</tr>
<tr>
<td>Female</td>
<td>10</td>
<td>33.3%</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.2.2 Ages of Respondents

In respect to age distribution, 18.18% of the respondents were between ages 25-29, 45.45% were 30-35, 15.15% were 36-40, 6.07% were 41-45, and 15.15% were 46-50 in Table 4.3. The findings suggest that the numbers of relatively younger generation engaged in business are larger than the relatively older population, those aged from 25 to 35 occupies 63.63% among all the respondents.

Table 4.3: Respondents Age

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>25-29</td>
<td>6</td>
<td>18.18%</td>
</tr>
<tr>
<td>30-35</td>
<td>15</td>
<td>45.45%</td>
</tr>
<tr>
<td>36-40</td>
<td>5</td>
<td>15.15%</td>
</tr>
<tr>
<td>41-45</td>
<td>2</td>
<td>6.07%</td>
</tr>
<tr>
<td>46-50</td>
<td>5</td>
<td>15.15%</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
<td>100%</td>
</tr>
</tbody>
</table>
4.2.3 Education Level

Table 4.4 presents the findings in respect of the level of education attained by the participants in the study. As shown in Table 4.4, a majority of respondents who stands at 75.76% have attained bachelor’s degree level of education, 18.18% of them have attained master’s level of education and 6.06 % had high school degree level of education. Table 4.4 Educational Level

<table>
<thead>
<tr>
<th>Educational Levels</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doctorate</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Master</td>
<td>4</td>
<td>12.12%</td>
</tr>
<tr>
<td>MBA</td>
<td>2</td>
<td>6.06%</td>
</tr>
<tr>
<td>Bachelor</td>
<td>25</td>
<td>75.76%</td>
</tr>
<tr>
<td>High School</td>
<td>2</td>
<td>6.06%</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.2.4 Managerial Positions

The study findings reveal that 57.58% of the respondents were in Sales & Marketing managerial positions, 21.21% were in General Managerial positions, 9.09% were Finance Management positions while 6.06% of the respondents were working in Administration & HR and Operation as depicted in Table 4.5. General Management and Sales & Marketing positions rank the highest among all the respondents reveals that corporate levels and sales levels are two of the most vital managerial positions. Table 4.5 Managerial Positions

<table>
<thead>
<tr>
<th>Managerial Positions</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Management</td>
<td>7</td>
<td>21.21%</td>
</tr>
<tr>
<td>Finance Management</td>
<td>3</td>
<td>9.09%</td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>19</td>
<td>57.58%</td>
</tr>
<tr>
<td>Administration &amp; HR</td>
<td>2</td>
<td>6.06%</td>
</tr>
<tr>
<td>Operation</td>
<td>2</td>
<td>6.06%</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.2.5 Numbers of Years Worked in Ceramic Business

The study findings reflect that 48.48% of the respondents got 1 – 3 years work experience in ceramic industry, 24.24% 4 – 6 years experience, 21.22% 7 – 9 years experience while 6.06% over 13 years experience as depicted in Table 4.6.
Table 4.6 Numbers of Years Worked in Ceramic Business

<table>
<thead>
<tr>
<th>Years of Experience in Ceramic Industry</th>
<th>Frequency</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 3</td>
<td>16</td>
<td>48.48%</td>
</tr>
<tr>
<td>4 – 6</td>
<td>8</td>
<td>24.24%</td>
</tr>
<tr>
<td>7 – 9</td>
<td>7</td>
<td>21.22%</td>
</tr>
<tr>
<td>10-12</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>&gt; 13</td>
<td>2</td>
<td>6.06%</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.2.6 Nationalities

The Table 4.7 shows the extent to which various nationals who were holding managerial positions in those major ceramic firms in Kenya. The findings from the respondents indicated that there were majority of number of Kenyan while small number of Chinese nationals who participated in the survey. **Table 4.7 Nationalities**

<table>
<thead>
<tr>
<th>Nationalities</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chinese</td>
<td>5</td>
<td>15.15%</td>
</tr>
<tr>
<td>Kenyan</td>
<td>25</td>
<td>75.76%</td>
</tr>
<tr>
<td>Indian</td>
<td>3</td>
<td>9.09%</td>
</tr>
<tr>
<td>Arabian</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Others</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.3 Importance of Strategic Management Effectiveness in Ceramic Industry

In regard to the importance of strategic management effectiveness in ceramic industry, the study participants responses were 36.36% of the respondents agreed, 41.82% of the respondents strongly agreed, and 14.5% were neutral, 3.64% disagreed and strongly disagreed respectively as shown in Figure 4.1.
4.4 Analysis on Strategic Approach, Cultural Dimensions and Core Competence Preferences

4.41 Analysis on Strategic Approach Preferences

With regard to proximity of selection on strategic approaches, it can be reflected obviously based on the responses collected from each firm’s participants.

For SAJ’s preference on strategic approaches, the study participants’ responses were 28.57% of the respondents preferred RBV, 26.32% of the respondents selected BSC, and 22.56% I/O Model, 21.05% blue ocean strategy respectively as shown in Figure 4.2. Thus RBV ranks highest among the participants’ response.
For Tile & Carpet’s preference on strategic approaches, the study participants’ responses were 29.32% of the respondents preferred BSC, 26.32% of the respondents selected I/O Model and RBV respectively, and 23.31% blue ocean strategy respectively as shown in Figure 4.3. Thus BSC ranks at the highest among the participants’ response.

![Figure 4.3: Tile & Carpet’s Preference on Strategic Approaches](image)

For Housemart’s preference on strategic approaches, the study participants’ responses were 27.82% of the respondents preferred RBV and I/O Model, 27.07% of the respondents selected BSC and 18.8% blue ocean strategy respectively as shown in Figure 4.4. Therefore both RBV and I/O Model rank the highest among the participants’
response.

**Figure 4.4: Housemart’s Preference on Strategic Approaches**

### 4.42 Analysis on Cultural Dimensions Perceptions

In respect to tendency of perceptions of cultural dimensions, the findings based on overall participants’ perceptions will be indicated in Figure 4.5. 26.40% of the respondents proposed that uncertainty avoidance had the highest impacts among the five dimensions based on the relative frequency percentages and followed by 25.66% power distance, masculinity 17.92%, long term orientation 16.07%, collectivism 13.95%.
Figure 4.5: Overall Participants' Perceptions on Culture Dimensions

While the findings will be found variously on the basis of each firm’s responses collected through questionnaires.

As regards to the respondents’ perception about cultural dimensions from SAJ and Tile & Carpet, it can be indicated clearly by following two figures, SAJ got the highest mean scores of 8.84 on Uncertainty avoidance and followed by long term orientation at 8.67, collectivism at 8.20, power distance at 7.83 and masculinity at 5.48 as shown in Figure 4.6, whereas the latter one had Uncertainty avoidance obtained the highest mean score of 7.63, power distance had the second highest mean scores at 6.90, masculinity had the third highest mean score at 4.70 and followed by long term orientation at 4.50, collectivism at 4.07 as shown in Figure 4.7.

![Figure 4.6: SAJ’s Perception on Cultural Dimensions](image-url)
Regarding to the respondents’ perception about cultural dimensions from Housemart, the statistic results can be presented by following figure; long term orientation got the highest mean scores of 9.60 and followed by uncertainty avoidance at 8.88, collectivism at 7.33, masculinity at 7.12 and power distance at 7.03.

**Figure 4.7: Tile & Carpet’s Perception on Cultural Dimensions**

4.43 Analysis on Core Competence Preferences

With regard to inclination of preferences on competence preferences, it can be disclosed clearly depending on the responses collected from various firm’s participants.

To Housemart’s preference on competence, the top three core competences supported by study participants were long term marketing strength at mean score of 4.64, niche segment
at mean score of 3.91, costs leadership at mean score of 3.64, and followed by branding and differentiation both at mean score of 3.45, internal system 3.36 and people 3.27 respectively as shown in Figure 4.9.

**Figure 4.9: Housemart’s Preference on Core Competence**

When looking at Tile & Carpet’s preference on competence preferences, the figure 4.10 can display that niche, long term marketing strength and branding ranked number one, two, three at the mean scores of 4.55, 4.36, 4.27 and followed by people 3.91, differentiation 3.73, costs leadership 3.64 and internal system 3.36 respectively while for SAJ indicated by figure 20, long term marketing strength, branding and internal system rank the highest at the same mean score of 3.91 simultaneously and followed by niche and costs leadership at the same mean score of 3.73 as well as people 3.64 and
differentiation 3.36 respectively.

Figure 4.10: Tile & Carpet’s Preference on Core Competence

Figure 4.11: SAJ’s Preference on Core Competence Preferences

4.5 Correlations Analysis

4.51 Strategic Approaches and Effectiveness of Strategic Management

As it is shown in table 4.8, the highest Pearson Correlation was recorded between dependent variable (strategic Management Effectiveness) and independent variable (Strategic Approaches) at 0.479 with P value 0.005 which is less than 0.05 (95% confidence level), and the lowest
Pearson Correlation is 0.358 with P value at 0.041 which is less than 0.05, thus it is the positive and significant correlation existed between the two variables.

**Table 4.8: Correlations between Strategic Approaches and Effectiveness of Strategic Management**

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Strategic Management Effectiveness</th>
<th>Strategic Approaches</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Management Effectiveness Pearson Correlation Sig. (2-tailed)</td>
<td>.389 *</td>
<td>.377</td>
</tr>
<tr>
<td></td>
<td>.025</td>
<td>.031</td>
</tr>
<tr>
<td>Strategic Approaches Pearson Correlation Sig. (2-tailed) N</td>
<td>.358 *</td>
<td>.479**</td>
</tr>
<tr>
<td></td>
<td>.041</td>
<td>.005</td>
</tr>
<tr>
<td></td>
<td>33</td>
<td>33</td>
</tr>
</tbody>
</table>

**.* Correlation is significant at the 0.05 level (2-tailed).
**.* Correlation is significant at the 0.01 level (2-tailed).

4.52 Organizational Culture and Effectiveness of Strategic Management

Table 4.9 presents the findings with regards to the correlations between organizational culture and effectiveness of strategic management. As seen in table 4.9, the highest Pearson Correlation value is at 0.823 with the significance level 0.000 which refers to 100% significance, and the lowest Pearson Correlation value is at 0.385 with the significance level 0.027 which means over 95% significant. It is therefore positive and significant correlations existed between the two variables.

**Table 4.9: Correlations between Organizational Culture and Effectiveness of Strategic Management**

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Strategic Management Effectiveness</th>
<th>Strategic Management Effectiveness</th>
<th>Organizational Culture</th>
<th>Organizational Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Management Effectiveness Pearson Correlation Sig. (2-tailed) N</td>
<td>.704 **</td>
<td>1</td>
<td>.421*</td>
<td>.385*</td>
</tr>
<tr>
<td></td>
<td>.000</td>
<td>33</td>
<td>.015</td>
<td>.027</td>
</tr>
<tr>
<td></td>
<td>33</td>
<td>33</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Strategic Management Effectiveness Pearson Correlation Sig. (2-tailed) N</td>
<td>.389 *</td>
<td>.387*</td>
<td>.614**</td>
<td>.569**</td>
</tr>
<tr>
<td></td>
<td>.025</td>
<td>.026</td>
<td>.000</td>
<td>.001</td>
</tr>
<tr>
<td></td>
<td>33</td>
<td>33</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.823 **</td>
<td>.543**</td>
<td>.803**</td>
<td>.419*</td>
</tr>
</tbody>
</table>
### 4.53 Core Competence and Effectiveness of Strategic Management

Table 4.10 presents the findings with regards to the correlations between core competence and effectiveness of strategic management. As seen in table 4.10, the highest Pearson Correlation value is at 0.653 with the significance level 0.000 which refers to 100% significance, and the lowest Pearson Correlation value is at 0.362 with the significance level 0.023 which means over 95% significant. It is thus positive and significant correlations existed between the two variables.

#### Table 4.10: Correlations between Core Competence and Effectiveness of Strategic Management

<table>
<thead>
<tr>
<th></th>
<th>Strategic Management Effectiveness</th>
<th>Strategic Management Effectiveness</th>
<th>Core Competence</th>
<th>Core Competence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic Management Effectiveness</strong></td>
<td>Pearson Correlation Sig. (2-tailed)</td>
<td>1</td>
<td>.362 *</td>
<td>.395*</td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation Sig. (2-tailed)</td>
<td>.362*</td>
<td>1</td>
<td>.460**</td>
</tr>
<tr>
<td><strong>Core Competence</strong></td>
<td>Pearson Correlation Sig. (2-tailed)</td>
<td>.395*</td>
<td>.460**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation Sig. (2-tailed)</td>
<td>.023</td>
<td>.007</td>
<td>.001</td>
</tr>
<tr>
<td><strong>Core Competence</strong></td>
<td>Pearson Correlation Sig. (2-tailed)</td>
<td>.500**</td>
<td>.255</td>
<td>.571**</td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation Sig. (2-tailed)</td>
<td>.003</td>
<td>.151</td>
<td>.001</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>33</td>
<td>33</td>
<td>33</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).
4.6 Regression Analysis

4.61 Strategic Approaches and Effectiveness of Strategic Management

The first specific objective of the study was to determine the impacts of strategic approaches on the effectiveness of strategic management. Table 4.11 presents a summary of findings with regards to the model summary on the relationship between strategic approaches and effectiveness of strategic management. As seen in table 4.11 the R square value was 0.522 indicating that strategic approaches contribute 52.2% of effectiveness of strategic management.

Table 4.11 Model Summary for Strategic Approaches

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.522(a)</td>
<td>.273</td>
<td>.105</td>
<td>.51089</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Strategic Approaches
b. Dependent Variable: Effectiveness of Strategic Management

The ANOVA summary in table 4.12 is a clear indication that the model was not significant, with a p value of 0.180 which was more than 0.05.

Table 4.12: ANOVA for Strategic Approaches

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>2.547</td>
<td>6</td>
<td>.425</td>
<td>1.627</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>6.786</td>
<td>26</td>
<td>.261</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>9.333</td>
<td>32</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Effectiveness of Strategic Management
b. Predictors: (Constant), Strategic Approaches

The coefficient values in table 4.13 show that there was a positive significant relationship between strategic approaches and Effectiveness of strategic management with a beta value of 0.02 and p value of 0.000 which was less than 0.05.

Table 4.13: Relationship between Strategic Approaches and Effectiveness of Strategic Management

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
</table>
According to the above regression analysis, the equation can be inferred: \( y = 4.612 + 0.20 \times x \)

Whereas dependent variable: effectiveness of strategic management = y; Independent variables: strategic approaches = x.

### 4.62 Organizational Culture and Effectiveness of Strategic Management

The second specific objective of the study was to determine the impacts of organizational culture on the effectiveness of strategic management. Table 4.14 presents a summary of findings with regards to the model summary on the relationship between organizational culture and effectiveness of strategic management. As seen in table 4.14 the R square value was 0.742 indicating that the organizational culture contributes 74.2 percent of effectiveness of strategic management.

#### Table 4.14 Model Summary for Organizational Culture

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.861a</td>
<td>0.742</td>
<td>0.174</td>
<td>0.49093</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Organizational Culture
b. Dependent Variable: Effectiveness of Strategic Management

The ANOVA summary in table 4.15 is a clear indication that the model was not significant, with a p value of 0.341 which was more than 0.05. **Table 4.15: ANOVA for Strategic Approaches**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>22</td>
<td>.315</td>
<td>1.306</td>
<td>.341b</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>10</td>
<td>.241</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>32</td>
<td>.241</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Effectiveness of Strategic Management
b. Predictors: (Constant), Organizational Culture
The coefficient values in table 4.16 show that there was a positive significant relationship between organizational culture and effectiveness of strategic management with a beta value of 0.81 and p value of 0.011 which was less than 0.05.

Table 4.16: Relationship between Organizational Culture and Effectiveness of Strategic Management

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>3.403</td>
<td>1.087</td>
<td>3.132</td>
<td>.011</td>
</tr>
<tr>
<td>Organizational Culture</td>
<td>.081</td>
<td>.139</td>
<td>.178</td>
<td>.579</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Effectiveness of Strategic Management

Depending to the above regression analysis, the equation can be inferred: 

\[ y = 3.403 + 0.81x \]

Whereas dependent variable: effectiveness of strategic management = y; Independent variables: Organizational Culture = x.

4.63 Core Competence and Effectiveness of Strategic Management

The third specific objective of the study was to determine the impacts of core competence on the effectiveness of strategic management. Table 4.17 presents a summary of findings with regards to the model summary on the relationship between core competence and effectiveness of strategic management. As seen in table 4.17 the R square value was 0.323 indicating that the organizational culture contributes 32.3 percent of effectiveness of strategic management.

Table 4.17 Model Summary for Core Competence

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.568+</td>
<td>.323</td>
<td>.058</td>
<td>.52415</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Core Competences
b. Dependent Variable: Effectiveness of Strategic Management

The ANOVA summary in table 4.18 is a clear indication that the model was not significant, with a p value of 0.331 which was more than 0.005. Table 4.18: ANOVA for Core Competence
The coefficient values in Table 4.19 show that there was a positive insignificant relationship between core competence and effectiveness of strategic management with a beta value of 0.257 and p value of 0.000 which was less than 0.05.

**Table 4.19: Relationship between Core Competence and Effectiveness of Strategic Management**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>4.204</td>
<td>.750</td>
</tr>
<tr>
<td></td>
<td>.257</td>
<td>.230</td>
</tr>
</tbody>
</table>

According to the above regression analysis, the equation can be inferred: \( y = 4.204 + 0.257 \times x \)

Whereas dependent variable: effectiveness of strategic management = \( y \); Independent variables: core competence = \( x \).

### 4.7 Multi-regression

A multiple regression was further conducted to examine the relationship between effectiveness of strategic management and strategic approaches, organizational culture as well as core competence as seen in Table 4.20. As seen in Table 4.20 the model summary reveals that the R square value was 1.000 indicating that strategic approaches, organizational culture and core competence contribute of 100 percent of strategic management effectiveness. **Table 4.20: Multiple Regressions**

<table>
<thead>
<tr>
<th>Model Summary</th>
</tr>
</thead>
</table>
The ANOVA summary in table 4.21 is a clear indication that the model was significant, with a p value of 0.000 which was less than 0.05.

**Table 4.21: ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>9.333</td>
<td>32</td>
<td>.292</td>
<td>0.000, b</td>
<td></td>
</tr>
<tr>
<td>Residual</td>
<td>.000</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>9.333</td>
<td>32</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Effectiveness of Strategic Management
b. Predictors: (Constant), Strategic Approaches, Organizational Culture & Core Competence

The coefficient values in table 4.22 show all the three factors had a positive significant relationship with effectiveness of strategic management.

**Table 4.22: Regression Results**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>6.838</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Core Competence</td>
<td>.382</td>
<td>0.000</td>
<td>.806</td>
<td>0.000</td>
</tr>
<tr>
<td>Organizational Culture</td>
<td>.196</td>
<td>0.000</td>
<td>.553</td>
<td>0.049</td>
</tr>
</tbody>
</table>
Based on above multi-regression analysis, the equation inclusive of dependent variable: effectiveness of strategic management (y), independent variables: strategic approaches (x1), organizational culture (x2) and core competence (x3) can be inferred:

\[ y = 6.848 + 0.414x_1 + 0.196x_2 + 0.382x_3 \]

## 4.8 Chapter Summary

The chapter highlighted the methods that were used in data collection for this research. The researcher has presented the analyzed findings of the study accordingly as issued by the respondents. The presentations of the results of the data analysis were inclusive of background information and each independent variable and its relationship in between or with dependant variable. Chapter four consists of a summary of the study, discussion, conclusion and recommendations.

### CHAPTER FIVE

## 5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

### 5.1 Introduction

The chapter provides a summary of important elements including the general objective of the study, specific objectives, methodology used and the major findings. It further provides a discussion of the major findings structured according to the specific objectives.
Conclusions drawn from the research findings are presented. The recommendations for improvements and further studies are made as well.

5.2 Summary

The general objective of the study was to examine the gap of effectiveness of strategic management between Kenyan owned ceramic firms and Chinese owned ceramic firms in Kenya and find out the solution resolving the gap issues and sustain superior performance in ceramic business.

The study was guided by three specific objectives which are to investigate strategic approaches affecting effectiveness of strategic management; to identify importance of organizational cultures on effectiveness of strategic management; to scrutinize impacts of core competences of organization on effectiveness of strategic management between Chinese owned ceramic companies and Kenyan owned ceramic companies in Kenya.

The study adopted both descriptive and inferential descriptive research designs. The dependent variable of the study was effectiveness of strategic management whereas strategic approaches, organizational culture and core competences as independent variables. The population of firms for the study was 13 firms comprising both Kenyan and Chinese owned ceramic companies and the population of targeted respondents from these firms are 170. Since the sample size was not big, a census was conducted. The researcher developed a questionnaire which was used as the main data collection tool. The target populations of the study were directors and managers of Chinese and Kenyan owned ceramic enterprises working in Nairobi County. The sample frame was a census of three major players in ceramic industry in Kenya and within these three firms’ targeted people who have engaged in ceramic business for at least 5 years whereas the sampling size was 33 participants. The statistic analysis tool was SPSS and the data was displayed in the forms of tables, charts and graphs for easy reference and interpretation.

To begin with the first specific objective, it focused on investigating impacts of strategic approaches on effectiveness of strategic management between Chinese owned ceramic firms and Kenyan owned ceramic firms in Kenya. The study found out that the four strategic models reviewed (I/O Model, RBV, Blue Ocean Strategy and Balance Scorecard) had impacts on effectiveness of strategic management. RBV had the highest impact on effectiveness of strategic management in SAJ; while Balance Scorecard imposed the highest
influence upon strategic management effectiveness in Tile & Carpet; I/O Model and RBV contributed most to the effectiveness of strategic management in Housemart.

The second specific objective is to identify importance of organizational cultures on effectiveness of strategic management. The study found out that Power Distance, Uncertainty Avoidance, Masculinity, Collectivism and Long-term Orientation which were the main aspects studied under Hofstede’s cultural dimensions theory had a significant impact on effectiveness of strategic management.

With regard to the third specific objective, to scrutinize whether the core competences of organization have impacts on the effectiveness of strategic management. The study found that the most significant core competences are long-term marketing strength, niche segment, internal system, branding, costs leadership, differentiation and people which exerted great influences on the strategic management effectiveness of these three targeted ceramic firms accordingly.

The study found that it was important for business people in ceramic sector to justify the impacts of strategic approaches, organizational cultures and core competences on effectiveness of strategic management. In order to succeed in ceramic business, it is recommended that entrepreneurs or managers should apply right strategic approaches against market dynamics and turbulence, engage them often in cultural exchange so as to learn the cultural differences, create the organizational core competences to sustain superior performance and market positions. Without taking these three factors in account, the effectiveness of organizational strategic management could not be warranted.

5.3 Discussion

The study results from the respondents who took part in the study have further been discussed in view of the specific objectives. Generally this section aims to compare and relate the study’s findings to the theoretical facets captured in the literature review section in chapter two of this thesis.

5.3.1 Importance of Strategic Approaches on Effectiveness of Strategic Management

The findings had shown that majority of study participants agreed with the statement that effectiveness of strategic management is of great importance to ceramic business in Kenya; minority of the respondents held neutral position against the statement might contribute to
unawareness of strategic management effectiveness or inadequate academic experiences on strategic management or lower managerial positions occupancy lead to rare participation in strategic decisions making; a very few of the respondents disagreed with the statement. It is evident that most of the people engaged in ceramic business advocated positively that the effectiveness of strategic management is vital to ceramic business in Kenya. Furthermore the right strategic approaches would be adopted based on the various resources and core competences of the firms; every firm sought their best strategic-matching. As Porter (1996) proposed that each company should adopt a unique approach to creating its strategy, which should include creating a competitive advantage by choosing a specific set of activities to deliver value to the customer.

The study findings had found that the feedbacks from the respondents of different firms have seen various results on the strategic approach options or preferences. As is presented the four strategic models: I/O Model, RBV Model, Blue Ocean Strategy and Balance Scorecard, it had found that SAJ ranked at the highest on the RBV Model, Tile & Carpet on BSC and Housemart got top two preferences on I/O Model and RBV Model.

According to my eight years experience in ceramic industry in Kenya, SAJ as the sole local ceramic manufactory, relying on the production capability and tailored supply to project clients, has build up their name through the medium ranged products like 330*330, 250*330, 400*400, 250*400,300*600 tile products, which are more affordable to most of the middle or below level apartments and mansionets projects comparing with the high-priced ceramic tiles from Tile & Carpet. If SAJ applied RBV strategy via the advantages of the factory set up over 18 years at Kitengela, the core competencies from the factory can’t be denied due to the short duration of production – supply. However, RBV can’t be the only strategic approach which has been maintaining their competitive edges that sustain superior performances; focusing on the niche segment could be another key strategic approach which aids in build up their market positions with the very unique sizes and designs comparing with the common imported tiles from china and targeting on the needs of middle or low end tiles users, most of them are professional like developer, contractors and architects. The commission-oriented sales policy has been binding many professionals who can link them up to the latest market trends and promote their products to a wide range of construction projects, restructure and reemphasize SAJ’s tiles combination concepts in market. That’s the drive that SAJ has possessed to lead in projects channels which is specialized in medium
and below end housing projects occupied approximately 60% of the whole project market shares in Kenya.

In contrast, the main importers Tile & Carpet and Housemart have adopted different strategic models that sustain their market presences in Kenya.

Tile & Carpet has been the long-standing major tiles importer since 1970s. With wide-ranged product lines and well-located showroom networks, Tile & Carpet can attract a large group of clients who want to enjoy the one stop shop service. Looking at the survey conducted by the researcher, Balance Scorecard should be the highest rated approach adopted strategically by Tile & Carpet and it’s true because years’ development enable Tile & Carpet manage their business comprehensively through the perspectives of customer, finance, internal process and learning & growth. And differentiation is considered as the other major strategic approach for Tile & Carpet. They import tiles from China, Spain, Italy, India, Egypt, UK and Thailand and they can meet the requirements of all levels customers and work out the responding proposals.

Housemart, a MNE, has entered Kenyan market since 2009. RBV model should not be the highest strategic option because it is not the first concern and their priority in Kenya should be strengthening the market presence of imported tiles from China. However, I/O model is very close to the fact that Housemart has been paying much attention on returns on investment. According to Porter’s (1980) generic strategies, costs leadership should be another major strategy which assist Housemart lead in the market in terms of prices per unit.

Therefore, effectiveness of strategic management is highly appreciated in confrontation of nowadays’ increasing turbulence in ceramic sector in Kenya, without adopting correct strategic approaches might lead to failure of strategic management furthermore the failure of business.

5.3.2 Impacts of Organizational Cultures on Effectiveness of Strategic Management

Hofstede’s five cultural dimensions are selected and applied by the researcher as the main instrument to measure and analyze the effects of organizational cultures on its effectiveness of strategic management.

The study findings found out that majority of the respondents strongly agree that organizational cultures do have certain influences on the effectiveness of strategic
management. Researches show that strategy, wages system, organizational structure, system of control, knowledge management, leadership style and many other elements of management are under the influence of organizational culture (Brown, 1998). The corporate culture is a set of shared assumptions that guide what happens in organizations by defining appropriate behavior for various situations (Ravasi and Schultz, 2006). Nevertheless corporate culture imposes great impacts on the effectiveness of corporate strategic management.

Organizational culture significantly affects both the strategic formulation process and strategy implementation process. In strategic formulation phase, culture influences the selection of strategy, while in the phase of its implementation culture may be both the stimulating factor and an insurmountable barrier (Nebojša, 2012). The influence of culture in both phases emerges from its impacts on interpretative schemes or mental maps of top management, middle- and lower-level managers and employees as well as the relationship behaviors in between one another.

The findings indicated that Power Distance, Uncertainties and Long-term Orientation are the most influential factors affecting the strategic management of those ceramic firms in Kenya. The background cultures in the research are mainly Chinese, Kenyan culture, and partially Indian culture.

To look at the findings about SAJ’s perception of impacts of cultural dimensions on strategic management effectiveness, Uncertainty Avoidance ranked at the highest and followed by Long Term Orientation, Collectivism, Power Distance and Masculinity. It is implied that Uncertainty Avoidance as a cultural factor plays the most significant role in determining the effectiveness of strategic management at SAJ Ceramic Company. It might be derived from the fact that Kenya as an Africa nation where people suffered much about political instabilities such as post-election violence in 2008, terrorists attacks occurred in Westgate Shopping Mall and Garissa University and natural disasters like El Nino, landslides, rainstorms and drought etc., all those can impose huge impacts on people’s life and resulted in Strong Uncertainty Avoidance tendency in which people always carry out tasks or events in well-structured, well-detailed plans and well-regulated procedures is a must for most of Kenyans to make sure the high possibility of success of the assignments otherwise it leads to failures due to the unpredictable uncertainties. SAJ, as the only Kenyan ceramic producer,
is obviously deep-rooted in Kenyan culture and the way managing the enterprise heavily affected by its culture. This findings are in agreement with what Hofstede (1984) discussed that high uncertainty cultures prefer structure to risk. Individuals in such a culture are made anxious by situations that are unstructured, unclear or unpredictable. In corporate Kenya, people tend to have a great deal of structuring of organizational activities, more written rules, less risk taking by managers, lower labor turnover, and less ambitious employees. Whereas China scores low on Uncertainty Avoidance, because Chinese society is relationship orientated culture and rules or regulations are always not the most important factor deciding success or failure of business. Adherence to laws and rules may be flexible to suit the actual situation and pragmatism is a part of life. The Chinese are comfortable with ambiguity; the Chinese language is full of ambiguous meanings that can be difficult for western people to follow. Chinese are adaptable and entrepreneurial (Helena, 2016). Majority of Chinese business tend to be the small to medium sized and family owned. As well the social security of China is very stable and reliable.

And Tile & Carpet shared the greatest resemblance with SAJ in respect to the dimension of Uncertainty Avoidances. To SAJ and Tile & Carpet, Uncertainty Avoidance is put as the most influential cultural factor in determining effectiveness of strategic management, and Housemart also didn’t score low on this dimension and put it as the second most influential cultural factor because the business is operating in Kenya and the uncertainties or turbulences of the environment should be taken into serious considerations.

Housemart was the only Chinese-owned ceramic firm under the study, representing Chinese culture impacts on transnational business operation in Kenya. The findings found that Long Term Orientation scores at the highest among other cultural dimensions. China is a long term orientation nation where people treasure thrift, sense of shame, ordering relationships and perseverance as golden principles of life, saving for future (Hofstede, 1988) is regarded as the common monetary management guideline for most of Chinese family. In comparison, Kenyan culture is short-term oriented and Kenyans prefer to “living in the moment” and no clear plans for future. These diversities, without doubts, lead to different organizational cultures and thus different effectiveness of strategic management. In fact, this characteristic of Chinese culture had determined Housemart’s inclination of strategic planning long-term oriented.
In respect to the dimension of Power Distance, both China and Kenya are hierarchical society, and even India. There is no serious difference about the impacts of Power Distance upon the effectiveness of their strategic management.

5.3.3 Impacts of Core Competences on Effectiveness of Strategic Management

The field of strategic management is currently undergoing a paradigmatic shift with the emergence of new conceptions of the firm as knowledge-based or competence-based (Hamel, Conner, Prahalad, Grant and Prahalad 1990; 1996). While traditional approaches to firms’ strategies stress that profits come from the positioning of the firm in relation to outside markets (Porter, 1980), these views emphasize the role of firms’ distinctive resources as sources of competitive advantage. The core competence of a company not only becomes the distinct corporate signature but also provides the company with its competitive advantage (Harvey and Buckley, 1997). The findings found that most of the people in ceramic section in Kenya are aware of the importance of core competency of a firm on the success of strategic management. To establish organizational core competences will be fundamental to maintain the firm’s competitive advantages, sustain superior performances and secure sustainable success of strategic management in business.

The study findings found that Housemart’s preferences on competence were long term marketing strength and followed by niche segment, costs leadership, branding, and differentiation, internal system and people. Since Housemart entered Kenya market in 2009, they have been exerting their efforts and focusing on building marketing channels in long-term development plans and seeking the niche segment like setting up the high end project & retail sales showrooms so as to accumulate the marketing strength and diversify in the market. However there is the other two important core competencies neglected in the research results attributes to lack of knowledge of Housemart’s internal capabilities or inaccessible to strategic information based on the positions taken.

One of the core competences of Housemart is the costs leadership thanks to its systematic supply-chain management, costs control system and global integration based on the multi-national business operations. In other words, Housemart is capable of managing the costs to minimum through integration of multi-national market demands and advantages of economy scales when exporting tile products to over ten various national subsidiaries from China. In contrast, Tile & Carpet doesn’t have the strength on the costs management ascribes to the poor
supply chain efficiency and costs control arising from small scale import and dispersive international outsourcing.

Moreover, internal business process system – SAP system and people could be the other two core competences for Housemart. It is well known that SAP system currently is mostly installed by global fortune 500; Houseamart has installed the SAP system since 2013 and it facilitates business process develop systematically and realize the purpose of globalized integration in terms of synergy and learning sharing. Whereas, SAJ and Tile & Carpet have applied ERP system which is far lag behind comparing with SAP system adopted by Housemart.

Why Housemart can lead in market in a few years? People are the most fundamental resources for ensuring their achievements. Without a team of people who commit themselves to work hard and carry out the strategic plans, nothing would be accomplished. Holding a big team of artisans or gurus is the distinctive competitive advantage for Housemart to secure a good position in the market; more than 80% middle level or above managerial staff serving Housemart over 4 years, 50% of them over 6 years. They are the backbones for Housemart to make breakthroughs again and again, while brain drain occurs frequently in SAJ and Tile & Carpet where the managerial positions (supervisor level or above) are allowed to be given to Indian origins only.

In general contrast and comparison, the other two local firms had shared less similarities with Housemart. The study findings about Tile & Carpet indicated that niche segment and long term marketing strength should be the core competencies while long term marketing strength, branding and internal system would be the core competences for SAJ.

Tile & Carpet as the major Indian importer who have been operating in the industry over 30 years, they have specialized in running a wide network of well-designed showrooms located at the premium positions like Mombasa Road, Garden City, The Hub Karen, Two River Shopping Mall and Lavinton Shopping Center to target the top notch client groups around. Apart from long-standing marketing, branding is supposed to be another core competence contributing to non-stoppable billboards and multi-medias advertising.
Whereas SAJ is reliable on two major core competencies: ceramic factory and niche segment – project sales channels. However Housemart is setting up their tiles manufactory in Isynia and once the manufactory is ready the production capacity should be ten times
larger than that of SAJ, and SAJ will lose the core competence of local production. 5.4

Conclusion

This section of the research project presents the conclusions drawn from the discussion of the research’s findings and also those discussions from previous chapters.

5.4.1 Importance of Strategic Approaches on Effectiveness of Strategic Management

The study findings showed that the majority of the study participants agreed with that assuring effectiveness of strategic management are vital to the success of the ceramic business. The findings showed that the RBV was the top strategic choice for SAJ, BSC for Tile & Carpet and I/O Model and RBV weighed the highest equally for Housemart, among the four strategic approaches based on their mean scores. The study concludes that selecting correct strategic approaches is of great significance to the effectiveness of strategic management in ceramic sector of Kenya.

5.4.2 Impacts of Organizational Cultures on Effectiveness of Strategic Management

The study findings showed that the most significant factor among Hofstede’s cultural dimensions affecting the effectiveness of strategic management in ceramic business was Uncertainty Avoidance based on the mean scores from overall participants’ perception. The local firms SAJ and Tile & Carpet can share the resemblances with the findings depending on overall participants’ perception that Uncertainty Avoidance ranked highest among the dimensions based on their mean scores. However, Housemart had seen the different findings that Long-term Orientation was considered as the most influential dimension and put Uncertainty Avoidance as the second most influential one among the five dimensions based on their mean scores. The study concludes that no matter Kenyan-owned or Chinese-owned ceramic enterprises should take the cultural factors in account when they make strategic options and decisions, especially when they enter into a new market, the local cultural elements should be put priority for consideration, because organizational cultures do have great impacts on the effectiveness of strategic management in ceramic business in Kenya.

5.4.1 Impacts of Core Competences on Effectiveness of Strategic Management

The study findings showed that long-term marketing strength was the top core competence for Housemart, Niche for Tile & Carpet and long term marketing strength, branding and internal system weighed the highest equally for SAJ, among the seven commonly applied
core competences based on their mean scores. The study concludes that the organizational core competence is of great significance to the effectiveness of strategic management in ceramic sector of Kenya.

5.5 Recommendations

This section includes the limitations and shortcomings of the study and presents recommendations for further studies based on discussions in previous chapters. The section also gives advice on what should be done to improve on effectiveness of strategic management of ceramic business in Kenya. 5.5.1 Recommendations for Improvement

5.5.1.1 Impacts of Strategic Approaches on Effectiveness of Strategic Management

The study findings implied that most of the data collected from some managers of the three firms: SAJ, Housemart, and Tile & Carpet; their perceptions or views might represent the real picture of their firms but could not represent the scenario of the whole ceramic industry. When talking about strategic approaches or effectiveness of strategic management, the study can’t be just focused on a few enterprises but also should put attentions to the ceramic industry. Without put the three firm’s data analysis under the context of the whole industry, the findings might not be so comprehensive.

5.5.1.2 Impacts of Organizational Cultures on Effectiveness of Strategic Management

The implication for the study findings based on cultural dimensions analysis is to pay more attention to the original nation culture of Kenyan-owned and Chinese-owned ceramic business managers or entrepreneurs. As regards to Housemart, most of the managers and directors are from China, so Chinese culture should be taken into account for the study analysis; and for SAJ and Tile & Carpet, the owners or managerial positions holders are Indian families or relatives or community members thus the Indian cultures also should be taken into consideration for study analysis. Therefore the study conducted on the sole basis of Kenyan culture is not sufficient to prove that the culture is fully covered and the findings would not reflect the full image of the cultural effects on the effectiveness of strategic management.

5.5.1.3 Impacts of Core Competences on Effectiveness of Strategic Management

The implication for the study findings based on core competences data analysis is too narrow to present strong results which can be fully convincing to justify the importance of core
competences on effectiveness of strategic management in ceramic business in Kenya. The seven core competences questions designed in questionnaires are so limited and can’t produce whole-view competences survey from those firms, if the scope of the competence questions could set wider, the findings of the study would be more unassailable.

5.5.2 Recommendations for Further Research

To begin, the researcher recommends that further research should be conducted applying random sampling methods instead of simple sampling method for the thesis. Moreover, the researcher recommends that further studies should be conducted on strategic approaches, organizational culture and core competences applying qualitative approaches which will provide wide information explaining on how the strategic approaches, organizational culture dimensions and core competences influence the effectiveness of strategic management. Lastly the researcher suggests that further studies on the same or similar topic should enlarge the sample sizes and time frames because the study findings will be more fruitful if the research project can engage more participants and extend time limits.

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APPENDICES

APPENDIX I: COVER LETTER

TANG ZHIPING
Dear Respondent,

I am a graduate student at the United States International University pursuing a master’s degree in Business Administration, with a concentration on strategic management. In order to fulfill my degree requirements, I am undertaking a research project on the factors affecting effectiveness of strategic management between Kenyan owned ceramic firms and Chinese owned ceramic companies in Kenya.

You have been selected to form part of this study. This is to kindly request you to assist me collect data by filling out the accompanying questionnaire. The information / data you provide will be exclusively for academic purposes and with utmost confidentiality. I look forward to prompt response.

Thank you in advance,

Yours sincerely,

Tang Zhiping.

APPENDIX II: QUESTIONNAIRE

Part 1: Background Information

1. Gender
   Male ( )
   Female ( )

2. Age
   25-29 ( )
   30-35 ( )
   36-40 ( )
3. Level of education
   Doctorate ( ) Masters ( )
   MBA ( )
   Bachelors ( ) High School ( )

4. Your position in the organization
   General management ( ) Financial management ( )
   Sales and Marketing ( )
   Administration & HR ( )
   Operation ( )

5. How many years have you worked in ceramic industry?
   1 – 5 ( )
   6 – 8 ( )
   9 – 10 ( )
   11 – 15 ( )
   16 – 20 ( )

6. Nationality?
   Chinese ( ) Kenyan ( )
   Indian ( )
   Arabian ( )
   Others ( )

Part 2: Importance of Strategic Management Effectiveness in Ceramic Sector

Please indicate to what extent you agree or disagree with the strategic management statements where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

<table>
<thead>
<tr>
<th>Importance of Strategic Management Effectiveness in Ceramic Sector</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
</table>
It is vital to follow strategic management process: strategy formulation, strategy implementation, evaluation & control so as to ensure effectiveness of strategic management

Effectiveness of strategic management is of great importance to the sustainable success of organizational performance

To some extents, your firm’s strategic management effectiveness is better than your rivals’

In order to make sure the effectiveness of strategic management, CEO or top management of the company is playing the fundamental role in strategic management planning

In ceramic sector, the issues of strategic management effectiveness is becoming increasingly critical because the firm securing
### Part 3: Importance of Strategic Approaches on Effectiveness of Strategic Management

Please indicate to what extent you apply the strategic management statements where 1= Never, 2= Very Rarely, 3 = Rarely, 4= Often, 5 = Very Often

<table>
<thead>
<tr>
<th>Importance of Strategic Approaches on Effectiveness of Strategic Management</th>
<th>1</th>
<th>2</th>
<th>3</th>
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</thead>
<tbody>
<tr>
<td>Have you ever tried to select right strategic approaches to fit with environmental turbulence and guarantee the effectiveness of strategic management</td>
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<tr>
<td>Have you ever applied PESTEL model to conduct situational analysis and SOSTAC model to do strategic formulation</td>
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<tr>
<td>Have you ever applied I/O model to maintain core competences and sustain superior performances</td>
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<tr>
<td>Have you ever applied resource-based view model to maintain core competences and sustain superior performances</td>
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<tr>
<td>Have you ever applied blue ocean strategy to maintain core competences and sustain superior performances</td>
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</tbody>
</table>
Have you ever applied balance score card model to maintain core competences and sustain superior performances

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### Part 4: Impacts of Organizational Culture on Effectiveness of Strategic Management

Please indicate to what extent you agree or disagree with the culture dimension statements where 1=Strongly Disagree, 2= Disagree, 3 = Neutral, 4= Agree, 5 = Strongly Agree

<table>
<thead>
<tr>
<th>Cultural Dimensions</th>
<th>1</th>
<th>2</th>
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<tbody>
<tr>
<td><strong>Power distance</strong></td>
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<tr>
<td>Managers to consult the subordinates when making decisions</td>
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<tr>
<td>Managers should exert power and authority when dealing with juniors</td>
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<tr>
<td>Managers should seek for opinions from employees</td>
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<tr>
<td>Employees should agree whatever the manager says</td>
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<tr>
<td>When Directors make strategic planning, they should get most of employees engaged</td>
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<tr>
<td>No delegation of important assignments to employees by managers</td>
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<tr>
<td><strong>Uncertainty avoidance</strong></td>
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<tr>
<td>It is crucial to lay down job requirements and in order for employees to understand what they are entitled to do</td>
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<tr>
<td>Managers require workers to follow instructions</td>
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<tr>
<td>Rules and regularities vital because they enlighten the employee on what is expected to do</td>
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<tr>
<td>Employees on job require instructions for operations</td>
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<tr>
<td>Operating procedures are of a great assistance to employees on the job.</td>
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<tr>
<td><strong>Masculinity</strong></td>
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<tr>
<td>Men are best suited to chair meeting effectively</td>
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<tr>
<td>Man are good in solving organizational problems which requires an active and forcible approach is mainly found in men</td>
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<td>Men solve problems through logic as compared to women through intuition</td>
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<tr>
<td>Men are the best suited in higher positions than women</td>
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<td>It is more important for men to have a professional career than it is for women to have a professional career</td>
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</table>
**Collectivism**

Group welfare is more vital as compared to individual rewards

Group success is more vital as compared to individual success

Employees should focus on their goals after taking into consideration of the group welfare acceptance by group is very important

**Long Term Orientation**

Long term strategic planning is very important for company development

Without corporate vision, mission & values, the business can’t survive for long

As long as long term planning( strategically) combine with short term planning( tactically) properly, the business will develop in good ways

**Part 5: Importance of Core Competence on Effectiveness of Strategic Management**

Please indicate to what extent you agree or disagree with the core competences statements where 1=Strongly Disagree, 2= Disagree, 3 = Neutral, 4= Agree, 5 = Strongly Agree

<table>
<thead>
<tr>
<th>Core Competence</th>
<th>1</th>
<th>2</th>
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</thead>
<tbody>
<tr>
<td>Do you think that long-term marketing strength can be considered as one of your firm’s core competence</td>
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<td>Do you think that focusing on niche segment (like project channels) can be considered as one of your firm’s core competences</td>
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<td>Do you think that branding can be considered as one of your firm’s core competences</td>
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<td>Do you think that costs leadership can be considered as one of your firm’s core competences</td>
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<tr>
<td>Do you think that costs leadership can be considered as one of your firm’s core competences</td>
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<tr>
<td>Do you think that differentiation can be considered as one of your firm’s core competences</td>
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<tr>
<td>Do you think that people can be considered as one of your firm’s core competences</td>
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<tr>
<td>Do you think that internal system can be considered as one of your firm’s core competences</td>
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<tr>
<td>Do you think that core competences play a vital role in organizational strategic managements</td>
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