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**THE EFFECT OF ORGANIZATIONAL CULTURE ON OPERATIONAL
PERFORMANCE OF FIRMS IN KENYA- A CASE OF SOCIÉTÉ GÉNÉRALE
D'SURVEILLANCE (SGS) KENYA LIMITED**



**THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF COMMERCE OF STRATHMORE BUSINESS
SCHOOL AT STRATHMORE UNIVERSITY'**

SEPTEMBER 2022

DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the research thesis contains no material previously published or written by another person except where due reference is made in the thesis itself.

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Daisy Odhiambo
Reg No. **136458**

Signature: 

Date: 12th September 2022

Approval

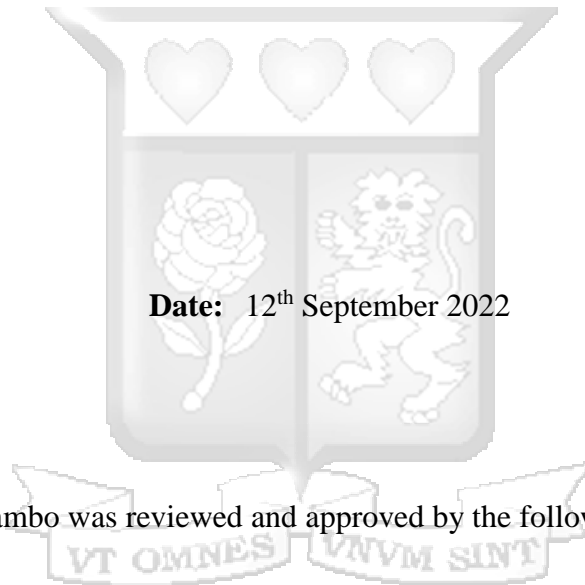
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Date: 12th September 2022



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DEDICATION

To my daughter Skylar, I walked so that you could fly. May the sky be your limit.



ABSTRACT

Globalization has been a source of cultural exchange among companies that have continued to expand rapidly over the years. Consumer demand for quality products, has forced firms in the Testing Inspection and Certification industry to restructure their operations and advance their systems by embracing technological changes in an effort to respond to this demand globally. Disruptions in the supply chain, due to unforeseen environmental changes have further necessitated the need for firms in the Testing Inspection and Certification industry to align their operations to respond to these disruptions and global megatrends. As a result, the existing organizational culture poses a challenge to these firms; if their organizational cultural dimensions do not support the environmental changes, they may affect the operational performance of the subsidiary. This is seen further by the differences in performance of subsidiaries of the same company within a region. This study sought to establish how various organizational cultural dimensions posited by Hofstede (Power Distance, Masculinity, Individualism and Uncertainty Avoidance) affect the operational performance of SGS Kenya Limited, a Kenyan based subsidiary of one of the market leaders in the Testing Inspection and Certification industry, Société Générale d'Surveillance (SGS S. A). The study was anchored on the Hofstede's cultural dimensions theory and was supported by the contingency theory. This study adopted a quantitative research design; specifically, descriptive cross-sectional survey technique. The researcher administered structured questionnaires electronically using google forms from a selected sample of 183 respondents. Data collected was analyzed using descriptive statistics, correlation analysis and regression analysis. The results however showed that only power distance index, masculinity and individualism had a significant positive influence on operational performance. Uncertainty avoidance did not have an effect on operational performance. This study contributes to theory by building on the existing literature on Hofstede's cultural dimensions theory by boosting the understanding of the various dimensions of organizational culture and the possible effect that each cultural dimension could have on organizational outcomes. In addition, this study will also inform organizational policy development surrounding issues such as compliance, customer engagement, and employee development. The findings of this study were limited to the classifications of the dimensions of organizational culture and operational performance adopted by the researcher. The study was also limited to data collected using cross-sectional survey, and only one subsidiary in the TIC industry in Kenya was studied. Moreover, the response rate was limited by the prevailing conditions of the COVID19 pandemic that forced employees of the subsidiary to work remotely. Future studies could address these limitations.

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ABBREVIATIONS

CVF- Competing Value Framework

FDIs- Foreign Direct Investments

IDV-Individualism Index

IVR- Indulgence versus Restraint

LTO- LongTerm Orientation

MAI- Masculinity Index

NACOSTI-National Commission for Science and
Technology

PDI- Power Distance Index

SBS- Strathmore Business School

SGS S.A- Société Generale d’Surveillance

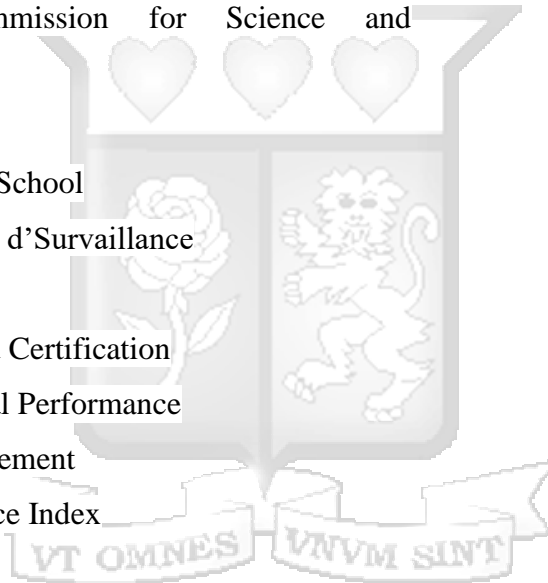
TBL-Triple Bottom Line

TIC-Testing Inspection and Certification

TOPS- Total Organizational Performance

TQM-Total Quality Management

UAI- Uncertainty Avoidance Index



CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter gives a background of the study, introduces the variables, explains the problem statement, research objectives, research questions that the study aims to answer, as well as the significance and scope of the study.

1.2 Background of the Study

Globalization has transformed the way organizations operate due to various changes, while new trends in consumer tastes and preferences have necessitated that companies redefine their operations and alter the structure of their internal processes to ensure that they remain competitive on a global scale (Martelli & Abels, 2011). Notably there has been a multidirectional growth around the world that has led to cultural exchange within organizations (Pooch, 2005). Research by Pavićević et al., (2021) affirms that the importance of globalization on the success of an organization cannot be overlooked as it influences organizational culture, which influences the performance of an organization. Organizational Culture is an asset to an organization, if it is well understood and adhered to (Nanayakkara & Wilkinson, 2021).

The global economy depends on the success of international companies with different subsidiaries as they make up a significant part of global production and trade in most sectors in fact, in 2016, subsidiaries accounted for 36 percent of the global production (Qiang et al., 2021). Some of the motives behind internationalization as proposed by Maqsoom et al., (2020) include the existence of a small domestic market, unfavorable business environment in the domestic market, and demand for products abroad. There are however other reasons why an organization may decide to set up in a foreign country; Ovadje, (2016) argues that a firm may establish a subsidiary in a foreign market simply to follow their competitor or their customer in the foreign country.

An increase in the number of firms that operate in developing economies in Africa has been observed by researchers who explain that these companies have contributed to the economic growth observed post colonization through Foreign Direct Investments (FDIs) (Kusek & Silva, 2018). These subsidiaries create employment opportunities to the locals, offer a variety of products previously unavailable in the local market and even collaborate with governments and regulators to offer solutions; playing an important role in the growth and development of emerging economies specifically in Africa and Middle East (Meyer, 2004). The decision however to set up a subsidiary abroad depends on specific advantages that would be realized such as ownership advantages, location advantages and industrialization advantages (Dunning et al., 2008). Some industries are keen to tap into a region's natural resources and set up their subsidiaries in regions with readily available natural resources which gives them location advantages, for instance, the Testing Inspection and Certification (TIC) industry has grown over the years in Africa and Middle East through verification and testing programs (Özmen et al., 2013).

The growth of the TIC industry in Africa has been accelerated further by a demand for quality products by consumers, rapid population growth and urbanization which have led to an increase in the number of TIC firms operating in Africa (Özmen et al., 2013). In addition, the volume of imports and exports in Africa has been on the rise over the years, especially for products such as food, medicine and consumer electronics which provide more opportunities for TIC services (Rakotoarisoa et al., 2011). Some of the TIC services on demand include safety and quality controls through conformity valuation, supply chain certifications, industrial site inspections, quality monitoring, vehicle inspections, pre-shipment inspections and consignment-based conformity tests (Özmen et al., 2013). A high demand for services provided by the TIC global players is a key factor to consider when choosing to set up a subsidiary in a new ; a notable trend in the TIC industry is expansion through acquisitions (Europe Economics Report, 2020).

Some researchers however argue that national culture is an important factor to consider when setting up subsidiaries as it contributes to the success of specific functions of an organization such as research and development, strategy formulation and implementation, recruiting and onboarding practices among others as it influences organizational culture (Jones & Davis, 2000). National culture

is the distinctive factor that causes international businesses to succeed in other countries and collapse in other countries, in spite of favorable market conditions (Owusu et al., 2019).

On the other hand, every firm has its own culture identifiable by its stakeholders that may have developed over time through practices and behaviors but can also be established by adopting standard norms introduced by the leaders of the organization (Nanayakkara & Wilkinson, 2021). Furthermore, Ayiecha and Senaji (2014) argue that organizational culture has a positive influence on a firm's performance; for an organization to improve its processes, the starting point is an examination of the existing norms within the organization. Similarly, a study by Al-Kalyoubi, (2019) on the influence of culture in Egyptian firms concluded the importance of organizational culture as an intangible aspect influencing organizational performance; the performance of an organization reflects the intrinsic belief system held by employees of the organization.

Organizational culture manifests itself in the typical characteristics of an organization; viewed as the right way in which things are done or the way the problems in an organization must be understood and solved (Wilkins & Ouchi, 1983). Organizational culture is a clan that acts as a force of control, which must be considered when determining the forces that drive organizational performance (Wilkins & Ouchi, 1983). In this regard, different theories have been developed by scholars to explain the various elements of organizational culture, such as the Competing Value Framework (CVF), The Four Core Dimensions of Organizational Culture, Schein's model of Organizational culture and Hofstede's Cultural Dimension Theory (Nanayakkara & Wilkinson, 2021). This study was anchored on the Hofstede's cultural dimension theory which showed the relationship between national culture and organizational culture. In addition, the contingency theory was applied to explain how the effectiveness of an organization depended on various factors such as external environment and culture which influenced the design and function of organizations.

This study sought to investigate the effect of organizational culture on operational performance to determine if organizational culture is a contributing factor in the decline of performance of SGS Kenya limited. The findings would contribute to improving efficiency and effectiveness in organizations with multicultural teams characterized by firmly anchored norms and values. It

would lead to a better understanding of the nature of coordination and controls within companies, better coordination of goals between a company and its members and more commitment from employees.

1.2.1 Organizational Culture

The concept of organizational culture has been of interest to many researchers due to its significance in shaping a company's intangible aspects such as values, assumptions, and practices (Nanayakkara & Wilkinson, 2021). This is evidenced by the various approaches to define organizational culture (Hofstede 1984; Schein,1990). The researchers explain that the distinctive feature of organizational culture is that it must be shared by members of a group; it is also defined as a set of values shared by members of a social entity (O'Reilly et al., 1991).

Similarly, Kotter and Heskett, (1992) define organizational culture as values shared by people in a group that tend to persist over time even as group membership changes. Samad et al., (2013) also identified the distinct feature of organizational culture as being shared by people in a group and defined organizational culture as a set of key values and norms shared by members of an organization. Some researchers however argue that organizational culture is cognitive to members of a group and according to Hofstede, (1984) culture is defined as a programming of the mind that is transferrable which distinguishes groups from each other and determines behavior of the group. Schein, (1990) defined culture as a pattern of assumptions invented, discovered, or developed by a particular group as it learns to deal with its problems of external adaptation and internal integration that has worked well enough to be considered valid and therefore taught to new members as the right way to perceive, think, and feel these problems. This study adopted the definition posited by Hofstede, (1984) that culture is the programming of the mind, which distinguishes groups from each other, because it summarizes the common aspect in the definition of organizational culture that involves members of a group.

Culture as a concept exists in the invisible aspects of an organization with distinctive features such as underlying beliefs, assumptions, values and modes of interaction; they contribute to the distinct social and psychological environment of an organization (Schein,1990). Van Der Post et al., (1997) advanced that these invisible cultural aspects also include approaches to conflict resolution,

customer orientation, employee participation and goal orientation. Researchers have categorized the basic elements of culture as values, norms, and cultural patterns (Schein 1990; Sulkowski 2012). However, organizational culture is multifaceted, and its elements can be broken down further as evidenced by the work of Onken, (1998) who argued that organizational culture has temporal elements, which include polychronicity and speed. Other scholars have also posited that the organizational culture can be seen in the tangible elements of an organization such as office layout and company logo (Igo & Skitmore, 2005). In organizational theory where a firm is considered a social instrument that produces goods and services, organizational culture is perceived as a byproduct of the firm characterized by cultural artifacts such as rituals, legends, and ceremonies (Smircich, 2017). Some scholars however approach organizational culture from a functional perspective and view it as a way to control behavior implying that a deviation from the existing culture, affects interpersonal relationships in the organization (Owino & Kibera, 2019).

Due to its intangible nature, various cultural dimensions have been established by different researchers to aid in outlining the manifestations of organizational culture. According to Schein, (1990) organizational culture manifests itself in three levels namely, artifacts values and basic underlying assumptions. Another dimension of organizational culture as proposed by Cameron, (2009) is the Competing Values Framework (CVF) whose dimensions are Clan Culture, Market Culture, Adhocracy Culture and Hierarchy Culture. Hofstede, (2011) proposed four cultural dimensions that are used to measure organizational culture namely, Power Distance, Uncertainty Avoidance, Femininity versus Masculinity, Individualism Versus Collectivism. In addition, two more cultural dimensions namely, Long Term Orientation and Indulgence were later added which draw insights from the first four dimensions (Hofstede, 2011).

According to Hofstede, (2011) a cultural dimension is an element of culture that can be measured relative to other cultures. Power Distance is measured as Power Distance Index (PDI) and is defined as the level of which lower-level members in an organization are comfortable in the unequal distribution of power; a high PDI indicates that the followers endorse unequal distribution of power whereas a low PDI indicates the followers resist unequal distribution of power (Hofstede,2011). Uncertainty Avoidance is defined as the tolerance for ambiguity by members of an organization; it is measured through Uncertainty Avoidance Index (UAI) (Hofstede, 2011). A

high UAI implies that the organization has systems in place, strict laws, and policies to discourage ambiguity in their operations, on the other hand, a low UAI indicates an organization that is comfortable with ambiguity (Hofstede,2011). Masculinity versus its opposite Femininity is a cultural dimension that approaches the organizational characteristics not gender roles; it is measured through the Masculinity Index (MAI) (Burton,1998; Hofstede, 2011). An organization with a high MAI encourages manifestation of assertive behavior which is associated with masculinity, while an organization with a low MAI indicates a desirability of modesty by its members (Burton, 1998). Individualism whose opposite is Collectivism is the fourth cultural dimension measured through the Individualism Index (IDV) (Burton,1998). A high IDV indicates that an organization encourages its members to only look after themselves and group orientation is rare, but a low IDV indicates that the organization fosters group orientation, teamwork and group activities; employees are viewed as members of a family who make decisions that are beneficial to all employees (Burton, 1998).

A fifth dimension Long-Term whose opposite is Short-Term Orientation (LTO) was later added on the Hofstede's Cultural Dimensions based on the empirical evidence of a study conducted across 23 countries across Far East Asia (Hofstede & Minkov 2010). In long-term-oriented cultures, main work values are learning, honesty, adaptiveness, accountability and self-discipline while in short-term-oriented cultures, main work values are freedom, rights, achievement, and thinking for oneself. This cultural dimension was previously referred to as Confucian work dynamism by its original researcher, Michael Bond, whose attempt was to identify Chinese cultural values and their impact on the workplace (Hofstede & Minkov 2010). Critics of the LTO argue that it is not a stable characteristic to measure organizational culture as it is an extension of uncertainty avoidance that was only changed in order to fit into nonwestern culture (Chun et al., 2020). Other critics further advance that LTO changes over a period of time as an individual's economic situation changes, therefore one may score a high LTO at the beginning of their career due to financial constraints, and score a low LTO once they are become financially, similarly a country LTO changes depending on its economic position, which greatly depends on FDIs (Tang & Koveos 2008).

The sixth cultural dimension Indulgence versus its opposite Restraint measured as (IVR) was later added and is explained as the extent to which individuals try to minimize their human impulses and their approach to instant gratification whereby, a high IVR indicates individuals that allow free gratification with low regard to strict rules and regulations while a low IVR indicates individuals who curb instant gratification with a strict adherence of strict rules and norms (Hofstede & Minkov 2010). Its similarity to UI is has been noted by critics who argue that a high IVR indicates the level of which an individual is comfortable with not having strict rules that govern behavior which is also an indication of a low UI (Yıldırım et al., 2016).

This study therefore adopted the initial four cultural dimensions posited by Hofstede (2011), summarized in four broad manifestations after empirical evidence showed that they cut across all the countries which also encompass the fifth and sixth cultural dimensions; dependence on superiors (power distance), need for rules and predictability (uncertainty avoidance), the balance between individual goals and dependence on the company (individualism versus collectivism), and the balance between ego values and social values (masculinity versus femininity).

The Hofstede's cultural dimensions explain the influence of national culture on organizational culture which further explains the behavior of individuals in a multicultural set up (Kirkman et al.,2006). Applying Hofstede's cultural dimensions at the individual level is a practical because the values of an individual are identified in terms of the selected cultural dimensions (Boonghee et al.,) Additionally, Hofstede, (1991) argued that countries are the source of a large number of common mental programming for their citizens, therefore when looking at national cultures, the individual cultural dimensions must be considered in order to conclusively argue that the citizens have specific cultural characteristics.

1.2.2 Operational Performance

Operational performance is a recurring theme in academic and management research, whose link to a firm's effectiveness is appreciated by various scholars (Venkatraman & Ramanujam,1986; Singh et al.,2016). When performance is measured in terms of financial and non-financial indicators in relation to a firm, it is referred to as organizational performance (Singh et al., 2016). Organizations have various methods of measuring their performance and defining success as stated

by Carton, (2004) The success of an organization maybe viewed by its financial performance however a broader indicator of an organization's effectiveness and success includes measuring non-financial aspects of its performance which include market share, product quality, and marketing effectiveness. Further research by Voss et al., (1997) explain other additional non-financial performance indicators such as market share and customer satisfaction. Operational performance is therefore be defined as the measurable aspects of the outcome of an organization's processes (Voss et al.,1997).

Financial measures of performance relate to an organization's economic goals and are commonly articulated within an organization's annual report to shareholders (Venkatraman & Ramanujam,1986; Carton, 2004). Some indicators of financial performance measures include financial ratios such as return on assets, return on equity, and return on investment (Carton, 2004). Studies have shown however that financial performance measures do not give an indication of how well an organization is meeting the needs of other stakeholders such as customers, employees, local communities and pressure groups (Venkatraman & Ramanujam,1986). Non- Financial performance measures are viewed to be subjective because they factor in managers' perspective in relation to organizational performance as opposed to financial performance measures that only use the standard principles of financial management and accounting data (Singh et al.,2016). These operational performance measures are seen to be more conclusive and give an accurate picture of how an organization achieves its economic and non-economic goals (Venkatraman & Ramanujam,1986).

Operational performance measures such as, innovation and market share are more indicative of the true organizational performance as well as other indicators namely, speed of service or product delivery, flexibility, output quality and cost efficiency (Okore, 2020). Conceptual approaches have been applied by other researchers to measure organizational performance, with an emphasis on sustainability, such as Tiple Bottom Line (TBL), the Quality Approach, Expanded Balanced Score Card, and Macroeconomic System Model (Hubbard, 2006). An advantage of using non-financial performance measures lies in their flexibility and adaptability across different sectors for instance, the Total Quality Management (TQM) was initially designed for the private sector but gradually adopted into the public sector (Nyhan &Marlowe,1995). TQM was further developed

Total Organizational Performance System (TOPS) which addressed weaknesses in the TQM, and has indicators such as customer feedback, process efficiency and teamwork (Nyhan & Marlowe,1995).

A study conducted by Ahmad and Zabri, (2016) on non-financial performance measures in Malaysian manufacturing firms concluded that a focus on internal processes, employee engagement and customer satisfaction were the commonly used operational performance indicators. Customer oriented performance measures indicate the effectiveness of an organization's process in meeting customer's needs and can be measured through the service response time, customer retention and customer satisfaction (Ahmad & Zabri, 2016). Employee oriented performance measures on the other hand relate to how a member of staff performs their duties and their behavior in the workplace (Ahmad & Zabri, 2016). The conduct of an employee in the workplace influences the performance of the organization because it determines the employees' output; it can be seen in various elements such as absenteeism, lateness, and staff turnover (Ahmad & Zabri, 2016). This study adopted the non-financial performance components proposed by Ahmad and Zabri (2016) namely customer-oriented measures of performance i.e. accessibility to services, complaint resolution, service delivery times and loyalty programs implementation and employee-oriented measures of performance namely absenteeism, job satisfaction, staff turnover and commitment to organizational goals.

1.2.3 Société Générale d'Surveillance (SGS) Kenya Limited

The Testing Inspection and Certification (TIC) industry comprises of companies that offer Conformity Assessment services to various sectors of the economy; activities range from inspection and testing to certification (Europe Economics Report, 2020). Some of the global players in the TIC industry present in Kenya include Société Générale d'Surveillance (SGS S.A), Intertek, and Bureau Veritas (Europe Economics Report, 2020). Some of the market segments in the TIC industry include Food & Beverages Automotive, Oil & Gas, Aerospace, Textile, Telecommunication, Medical Devices and Defense, (Europe Economics Report, 2020). The TIC industry is estimated to be worth \$200 Billion with projections that indicate growth of up to \$260Billion by 2025 globally (Europe Economics Report, 2020). Industry stakeholders attribute

this steady growth to relatively lower capital expenditure, longer term contracts supported by favorable regulations (Leggo & Maunsell, 2018).

SGS S.A is the market leader in the Global TIC industry competing directly with Intertek and Bureau Veritas in the industry (Yeatman et al.,2021). SGS S.A was established in 1878 and was listed in the Geneva Stock Exchange in 1919; the company has its headquarters in Geneva Switzerland (SGS Report, 2021). SGS S.A maintains its current market leadership position by focusing on its 2020 strategic objective on Mergers and Acquisitions to accelerate its growth in the industry, as evidenced in the completion of six acquisitions in 2020; the most recent acquisition of SYNLAB Analytics & Services for a consideration of €550 million (Yeatman et al., 2021). In line with this objective and in a bid to respond to the global megatrends in the TIC industry to serve customers more efficiently, the company reorganized its strategic operations into five key Divisions namely Connectivity & Products, Health & Nutrition, Industries & Environment, Natural Resources and Knowledge, a move that could significantly improve the service delivery levels of the organization (SGS Report, 2021).

SGS Kenya Limited is the Kenyan subsidiary of SGS S.A and was founded in 1950 with offices in nineteen locations in Kenya including laboratories and over six hundred employees including subcontracted staff (Business Daily Africa, 2015). The registered headquarters for SGS Kenya is in Mombasa, Shimanzi; it also supports operations in Uganda, Tanzania, Somalia and South Sudan. Some of the services offered by SGS Kenya Limited include goods certification, testing and inspection (The Standard,2016). SGS Kenya's operational performance has transformed over the years since its inception. Notable achievements have been made in the industry such as the introduction of the first fuel labeling program in Kenya to curb local sales of fuels for export, the introduction of weighing in motion technology in partnership with the National Authority of Kenya Roads, among other notable contracts (Business Daily Africa, 2015) .The introduction of new business processes to improve operational performance, has been in process since 2020 when SGS SA reorganized its operations to improve efficiency and operational performance (SGS Report, 2021).

The organization was however forced to scale down its operations through retrenchment in 2020 due to the high level of competition in the industry brought by the entry of new players in the market with advanced technology that took over the weighing in motion business, despite SGS Kenya introducing the business into the Kenyan market in 2015 (Business Daily, 2022). Retrenchments have a negative effect on the performance of the organization; the psychological effect of high staff turnover and retrenchments has a negative effect on employee performance and an organization's operational performance (Imam et al.,2011) This study investigated whether the organizational cultural dimensions had an effect on the company's operational performance.

1.3 Problem Statement

The TIC sector is undergoing technological innovation and is expected to see changes in service delivery and internal processes (Aba et al.,2015). These changes have forced companies to rethink their strategy to align to the changes, as is the case of SGS S.A, that changed its divisions to align with the industry megatrends (SGS Report, 2021). Innovations in robotics, automation, the use of sensors, data analytics and artificial intelligence, are expected to change the industry over the medium term and bring opportunities as well as the threat of disruption specifically in tasks that require human intervention (Aba et al.,2015). Physical inspections which have been automated using digital inspections and drones, have led to a reduction in operating costs and an increase in operational efficiency, but have also led to redundancies and low uptake of the innovations which may negatively affect performance across the subsidiaries in the TIC Industry (Yeatman et al., 2021).The uptake of technological innovations that affect an organization's performance seem to depend on the organizational culture and attitude towards change; a study by Owino and Kibera, (2019) advanced that organizational cultural dimensions determine the behavior and collective efforts of individuals towards achieving the organizational goals.

There exists a notable difference between performance of different subsidiaries despite them operating in the same industry, serving the same markets, and hiring from a similar talent pool according to research conducted on the performance of Egyptian multinationals (Al-Kalyoubi, 2019). Research shows that one of the distinguishing differences of organizations in the same industry is the internal environmental factors, specifically organizational culture; the study however only covered one country in Africa i.e. Egypt (Al-Kalyoubi, 2019). Research findings on

the impact of organizational culture on operational performance, conclude that the strength of an organizational culture has a significant influence on the short-term performance of an organization (Samad et al.,2013).

For instance, a study carried in South Africa by Clayton and Hutchinson, (2002) show that there is a difference in operational performance of firms within the same accounting body, in South Africa and in Australia. According to the researchers, Clayton and Hutchinson, (2002) this difference in performance is brought about by organizational cultural dimensions which made the accountants in South Africa more committed to their work compared to their counterparts in Australia. In addition, another study on multinational firms in Kenya showed a difference in operational performance reported by the multinational firms under study due to a difference in cultural dimensions (Okore,2020). Similarly, a study conducted by Duran et al., (2017) in a subsidiary in the United States showed that organizational culture was a contributing factor to the decline in operational performance exhibited in that subsidiary.

Differences in performance among SGS subsidiaries in Africa is worth noting, with SGS Kenya reporting a decline in operational performance following its failure to renew major contracts with its key clients compared to other SGS subsidiaries in Africa that have reported growth and improvements in their performance, by adapting technological advances to achieve growth and operational efficiency; SGS Kenya lost a suit it filed against the Energy Regulatory Commission (ERC) for terminating its contract, despite being the pioneers of the fuel marking technology into the country, and working with ERC for many years prior to the law suit (Business Daily, 2020). In addition, the company's contract with the Kenya Revenue Authority to offer electronic cargo tracking was discontinued due to failure by SGS Kenya to efficiently perform as per the terms of the contract (Business Daily, 2020). On the other hand, SGS South Africa, another subsidiary of SGS SA in Africa reported an expansion in operations, with a recent improvement of operations in South Africa, to enhance sample collection of platinum and improve efficiency in their operations (International Mining, 2020). In Ethiopia, SGS Ethiopia received an accreditation of their textile lab in 2020 which could increase its scope of operations, in testing, and improve process efficiency, to enable the organization compete better in the industry regionally as they are the only accredited textile laboratory in Ethiopia (SGS Report, 2020).

Most companies in Kenya attribute the outcome of their operational performance and source of growth to external environmental factors such as market conditions, inflation, strategic alliances but fail to mention the factors existent within the organization such as organizational culture and behavioral variables; in fact, 48% of East Africa CEOs consider the main driver of growth to be derived from some sort of alliance (2021 KPMG East Africa CEO Outlook Survey, 2021).

Studies regionally, show a correlation between the performance of an organization and the culture within the organization and recommend the need to explore the specific dimensions of organizational culture in the firm's internal environment, that affect performance (Samad et al., 2013). Organizational performance is therefore contingent on a number of factors that influence the design and structure of an organization, and may be the reason why different subsidiaries vary in their performance according to a study conducted in Kenya by Ntongai and King'oriah 2019. The strategy culture fit must be "just right" for the operationalization of strategy to be successful (Ntongai & King'oriah, 2019). Empirical evidence from a study conducted on commercial banks in India by Gunaraja, (2014) shows a positive effect of corporate culture and organizational performance, however the specific elements of organizational culture in these studies were not measured.

SGS Kenya challenges may be as a result of organizational cultural dimensions that affect its performance, and therefore this study established whether the specific organizational cultural dimensions had an effect on the operational performance of SGS Kenya,

1.4 Research Objectives

The main objective of this study was to determine the effect of organizational culture on operational performance of firms in Kenya- a case of SGS Kenya Limited.

1.4.1 Specific Research Objectives

- i. To determine the effect of power distance on operational performance of SGS Kenya Limited.
- ii. To establish the effect of uncertainty avoidance on operational performance of SGS Kenya.
- iii. To determine the effect of masculinity on operational performance of SGS Kenya Limited.

- iv. To determine the effect of individualism on operational performance of SGS Kenya Limited.

1.4.2 Research Questions

- i. What is the effect of power distance on operational performance of SGS Kenya Limited?
- ii. What is the effect of uncertainty avoidance on operational performance of SGS Kenya Limited?
- iii. What is the effect of masculinity on operational performance of SGS Kenya Limited?
- iv. What is the effect of individualism on operational performance of SGS Kenya Limited?

1.5 Significance of the Study

Extensive research on the effect of organizational culture on the operational performance of SGS Kenya limited, a subsidiary in the TIC industry will be important to the management of other subsidiaries in the TIC industry in terms of managing and implementing strategy-driven practices that support internationalization, successful market entry and sustainable performance, in a multicultural set up.

This study will add to the organizational literature in the TIC industry by explaining the different elements of organizational culture present in a subsidiary of the industry and how they affect operational performance.

It will specifically contribute to strategy and policy formulation, in the TIC industry which is continuously evolving due to technological advancement and demand for better by the consumer. It will contribute by taking into consideration specific elements of organizational culture and how they influence strategy implementation in the different subsidiaries. For practitioners, this study will offer a better understanding of attitudes and behaviors shaped by cultural values. The findings will help managers in staffing, hiring and training processes for their operations in multicultural settings

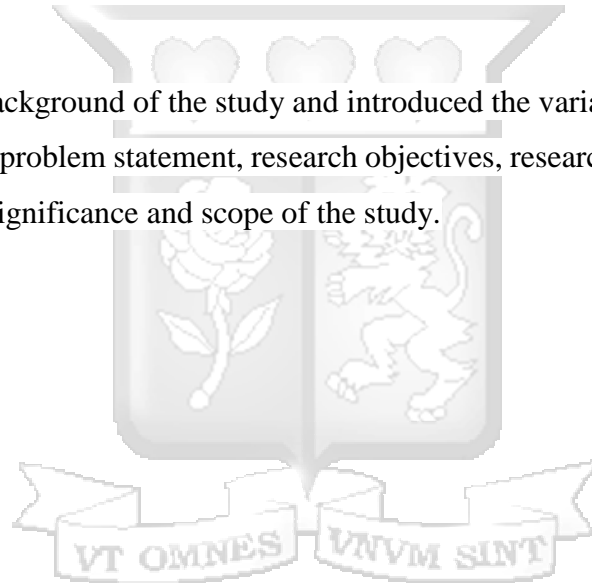
In addition, this study will add to the existing body of knowledge on corporate culture and organizational performance, in the TIC industry in Africa which will be achieved by understanding how the various elements of organizational culture contribute to operational performance and whether the variables are interrelated or similar.

1.6 Scope of the Study

The scope of the study was limited to establishing the effect of organizational culture on the operational performance of SGS Kenya Limited. The four cultural dimensions posited by Hofstede were used to measure organizational culture, namely power distance, uncertainty avoidance, masculinity and individualism. The contingency theory contributed to the development of the research instrument to bring out the effect of the leadership relationships on operational performance. The study focused on the members of staff of SGS Kenya office, in Nairobi and Mombasa and the responses were from mid-level management and junior level employees. A quantitative research approach was applied, and data was collected in June and July 2022.

1.7 Chapter Summary

This chapter covered a background of the study and introduced the variables that were studied. In addition, it explained the problem statement, research objectives, research questions that the study answered as well as the significance and scope of the study.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter details a review of literature from other academic researchers on organizational culture and operational performance. It describes the theory of organizational culture and other theories relevant to the study. The empirical review is aligned to the research objectives followed by an analysis of the research gap. The conceptual framework shows the nature of relationship between the variables of the study.

2.2 Theoretical Review

Scholars have developed theories which explain the concepts of organizational culture and operational performance, and the theoretical review will explain the relationship between these two variables. This study is anchored on the Hofstede's cultural dimension theory which demonstrated how the relationship between national culture developed in a society over time influenced organizational culture. The Contingency theory was also used in this study to explain the importance of other contingencies specifically organizational culture and leadership approach in determining the success of an organization

2.2.1 Hofstede's Cultural Dimension Theory

The Hofstede Cultural Dimension theory was developed by Greet Hofstede through empirical research carried out between 1960s and early 1970s, by studying the cultural values of IBM employees across more than 50 countries (Hofstede, 2011). The aim of the study was to determine the elements of culture and how they differ across subsidiaries in the different countries that IBM operated in; to show the influence of national culture on the organizational culture and its effect on the performance of an organization (Hofstede, 1983). According to Hofstede's theory, countries have varied national cultures therefore, an organization would have different cultures in different countries of operation; the same Policy would be interpreted differently across subsidiaries influenced by the differences in national cultures of the subsidiaries (Hofstede, 1984; Xu, 2020).

Hofstede initially identified four cultural dimensions namely Power Distance, Individualism whose opposite is Collectivism, Masculinity whose opposite is Femininity and Uncertainty Avoidance (Guritno et al., 2021). The fifth and sixth cultural dimensions namely Long-term orientation whose opposite is short term orientation and indulgence whose opposite is Restraint were later added through empirical studies conducted by other researchers (Burton, 1998; Dimitrov,2018). A dimension is an aspect of culture that can be compared to other cultures, its presence must cut across different cultures to form a basis of comparison (Hofstede, 2011).

In Hofstede's cultural dimensions theory, the dimensions identified draw their influence from the national culture but can still be applied when examining the regional culture within a country to explain why organizational culture differs regionally within a country (Hofstede,2011). Hofstede's definition of culture is the programming of the mind that influences behavior of individuals in a society (Hofstede, 1983). The first cultural dimension is power distance, defined as the extent to which the less powerful individuals of a country perceive power to be unequally distributed; it affects the way people operate in their workplaces (Hofstede, 1984; Burton 1998). Organizational cultures that score a high PDI in the workplace, have a distinction between the manager and subordinates, in terms of benefits, privileges where decision making is a reserve of top management on the other hand, organizations that score a low PDI, decision making is consultative; status symbols and privileges are not easily accepted by subordinates (Hofstede, 1984).

Countries from Eastern Europe, Africa and Asia scored a higher PDI whereas predominantly English-speaking countries such as United States and United Kingdom scored a lower PDI (Hofstede, 2011). The second cultural dimension is individualism whose opposite is collectivism according to Hofstede, (1984) this is the perception that some societies are individualistic in nature while others are group oriented; in the workplace. Cultures that score highly in individualism tend to only look out for themselves whereas those that score low in individualism are team oriented; this dimension is also influenced by the PDI whereby individualism is higher in developed and Western countries where PDI is low, while collectivism is higher in less developed and Eastern countries where PDI is high (Burton, 1998).

The third cultural dimension is masculinity versus its opposite femininity which is the acceptability of behavior associated with masculinity or femininity; whereby masculinity is associated with the desire to be aggressive, and femininity is associated with modesty (Hofstede, 2011). Organizations that score a higher (MAS) index encourage assertiveness and goal orientation whereas those with a lower MAS index encourage modesty and teamwork (Burton, 1998). Thirdly, uncertainty avoidance according to Hofstede is the extent to which the members of the organization are comfortable with unpredictability or uncertain situations (Hofstede, 1984). Organizations with a high UAI index prefer structure, clear rules, and policies, so that they can minimize ambiguity whereas organizations with a low UAI index tend to be more innovative, due to flexibility to explore, and uncertainty is received with curiosity (Hofstede,1984).

Although Hofstede later added Long-Term Orientation (LTO) and Indulgence versus Restraint (IVR) to his cultural dimensions based on separate empirical studies by other researchers; it is still debatable whether and how much the two added dimensions overlap with the original four (Dimitrov, 2018; Kaasa, 2021). Societies with a high LTO value perseverance and thrift behavior whereas societies with a low LTO index focus on respect for traditions and fulfilling social obligations (Guritno et al., 2021) IVR is the perception that the members of a society can act as they please, whereas societies that score a low LVR are those who value restraint and gratification is not a priority (Guritno et al., 2021).

A critic of the Hofstede's Cultural Dimensions argues that the initial sample size was not conclusive to cover all aspects of a society because only employees from one organization were interviewed; a specific set of questions that was work related was asked and to a few members of the organization, therefore the responses should not have been considered conclusive due to the limited sample size and distinct aspects of employees outside the work setting were not considered (McSweeney,2002). This study relied on the four cultural dimensions that were initially posited by Hofstede, to show their effect on operational performance.

2.2.2 Contingency Theory

The contingency theory developed by Fred Fielder in 1958 explains that there are external factors that determine the effectiveness of an organization and there is no single approach to leadership that would guarantee the success of an organization; contingent factors such as technology, culture

and the external environment influence the design and function of organizations (Match,2015). In addition, there is no single approach to leadership, therefore the leadership style in an organization is contingent on environmental factors affecting the organization, such as the organization structure, and the tasks at hand (Match,2015). The leadership style determines the organizational culture which then affects the performance of an organization and explains why different organizations perform differently (Ntongai & King'oriah, 2019).A subsidiary for instance, employs a variety of people from different backgrounds and therefore the top management has a vital role in ensuring that the organizational environment is sustainable by aligning employees' interests with the organization's culture in order to meet the organization's goals (Ntongai & King'oriah, 2019).

According to the contingency theory there may exist an ideal organizational structure that can generate the best results for the organization, if managers are able to strike a balance between the organization's internal characteristics and the tasks (Volberda et al.,2012). The ideal organizational structure however does not exist due to limitations brought about by the rate of technological adoption, change management strategies, leadership styles and organization size (Fielder,1958). These limitations and complexities are manifested differently even within the same organization that operates various subsidiaries, therefore causing a variance in performance within subsidiaries (Al-Kalyoubi, 2019). Organizational complexities pose a leadership challenge especially in a multicultural set up where one single approach to leadership may result to high performance in one subsidiary but yield poor performance when replicated in another subsidiary (Chung & Dahms, 2021).

High performance results from a fit between the organization and its environmental contingencies according to the contingency theory, whereby the contingencies that determine performance of an organization include technology, organizational culture and leadership styles (Volberda et al.,2012). Performance in the context of this study was measured in terms of efficiency of the operations and processes to reduce delays in service delivery and customer complaints; quality of service being offered to the clientele was viewed as being superior when the organization surpasses the expectations of its clientele (Okore 2020).

The leadership in an organization must ensure that they align their style to ensure performance of an organization is maximized, and adjust their leadership approach and the organizational structure to fit into the current environment that they operate in, in order to maximize operational performance (Volberda et al.,2012) The contingency theory contributed to the development of the research instrument by contributing to leadership approaches and complimented the Hofstede cultural dimensions theory, to show the manager-employee relationship and the interrelationships in the organization that form the organizational culture, which is one of the contingencies that determine the success of an organization.

2.3 Empirical Literature Review

This section discusses the various previous studies conducted using Hofstede's four cultural dimensions and their effect on operational performance.

2.3.1 Power Distance and Operational Performance

Power Distance as theorized by Hofstede relates to the extent within which members of an organization accept unequal distribution of power, the PDI is global concept, where organizations that score a high PDI lean towards an authoritarian leadership style; subordinates are told what to do by senior management, decision making is centralized and strict policies and rules that must be adhered to (Hofstede, 2011). On the other hand, organizations that score a low PDI are characterized by consultative decision making between senior management and subordinates; subordinates are allowed to question senior management's decisions (Wang &Guan, 2018).

A high PDI characterized by authoritarian leadership is not detrimental to employee's performance, according to research by Wang and Guan, (2018) where employees from 10 different technology companies in China were interviewed, with a total of 211 respondents. The study concluded that a higher power distance encouraged employee performance, through specific goal setting by senior management because it fosters high standards and high expectations of the team; consequently, this cultural element viewed as a valuable resource because high levels of employee performance is a source of competitive advantage. A deviation from the set standards is punishable, and therefore the team's performance levels are high. The study by Wang and Guan (2018) advances that the leaders in these organizations are seen as father figures and the

subordinate's minds are programmed to accept this status, because of their high level of individual power distance.

A high PDI in an organization poses a challenge for individuals who score a low PDI because their performance would be negatively affected by an authoritarian leader due to lack of inherent psychological dependence on the authoritarian leader (Wang & Guan, 2018). The researchers agreed however that their study was limited to companies in China, where the national culture scores a high PDI therefore naturally organizations would mirror this in their operations; a high PDI is acceptable in this context (Wang & Guan, 2018). Similarly, a research Mulki et al., (2015) conducted in India where salespeople across banking insurance and technology industries were interviewed had similar findings. A high PDI was reported to have a positive effect on operational performance, specifically efficiency of the sales team; it concluded that a higher PDI increased job performance in the sales teams, due to the employee's psychological perception that a paternalistic leadership style would positively affect their job performance. In addition, an employee who believes in the supremacy of hierarchy may be willing to go the extra mile for a supervisor who treats him well, gives credit and acknowledges the effort (Malshe et al., 2012; Mulki et al., 2015).

An organizational culture that scores a high PDI may have a negative impact on performance according to a study by Duran et al., (2017) where a sample of 251 employees drawn from a multinational company's subsidiary based in the United States of America was interviewed to determine the relationship between power distance and performance; the study concluded that a higher power distance resulted to a negative job performance with an additional general negative impact on workgroups. Empirical evidence from another study where researchers collected data from 552 supervisor-subordinate dyads drawn from the service industry based in the United Arab Emirates had similar conclusion where a high PDI has a negative effect on employee performance, job satisfaction, and general organizational performance (Siddique et al., 2020). Subordinates who perceived their leaders as authoritarian showed low job satisfaction and poor in-role performance caused by the of failure and unachievable high-performance standards (Siddique et al., 2020). In both studies, the national culture scored a low PDI therefore organizations in both countries naturally adopt a low PDI; individual perception of PDI was equally low therefore they perceived a high PDI as detrimental to their performance and the organizational performance (Duran et al., 2017)

Literature reviews on PDI within organizations in Africa, show a high PDI score due to the hierarchical nature of African cultures, therefore organizations in Africa are characterized by a reverse of hierarchy, subordinates expect to be told what to do, decision making is a reserve of management, and authoritative leadership is seen as the norm because leadership is not separate from authority (Oppong, 2013). The high PDI in organizations in Africa also dictate that conflict resolution within an organization is more valid if a higher-ranking employee is involved, because subordinate staff are culturally forbidden to question authority (Darley & Blankson, 2008). This study showed the relationship between PDI and operational performance.

2.3.2 Individualism and Operational Performance

Individualism is a cultural dimension where personal goals are prioritized over the goals of the collective group, whereas collectivism is a cultural dimension where the goals of the group are prioritized over individual goals; interdependency on the group is emphasized at a higher level (O'Neill et al., 2016). Research shows that an organizational culture that scores a high IDV index is influenced by the national cultural elements that put emphasis on individualism; everyone is expected to take care of themselves and work hard to achieve their own personal goals (O'Neill et al., 2016). Conversely, an organizational culture that scores low in IDV is influenced by a national culture that puts emphasis on collectivism, where there is a sense of security in the team, and more emphasis is put on achieving goals as a team (Hofstede, 2011). The United States of America, United Kingdom and Canada, score high IDV index compared to Asian countries that score a low IDV index (Hofstede, 2011).

Over the years a trend in research to understand the influence of IDV index on organizations has been noted due to its importance on policy formulation, strategy implementation, recruitment, and training practices particularly in multicultural organizations. For instance, Clayton and Hutchinson, (2002) explored the level of which professional accountants in South Africa, with a low IDV score were committed to their organization compared to professional accountants in Australia with a high IDV score; the researchers concluded that the respondents from South Africa showed high levels of organizational commitment, seen in their willingness to exert higher effort in the organization to achieve organizational goals compared to respondents based in Australia. This was a quantitative study where 354 questionnaires were useable for the study; a sample was

drawn randomly from the South African Institute of Chartered Accountants and the Australian Accounting Profession (Clayton & Hutchinson, 2002). Another study conducted where a sample of 123 respondents comprising of bank employees in Pakistan was interviewed to explore the effect of organizational cultural dimensions on organizational effectiveness concluded that a low IDV score positively influenced organizational effectiveness; working in teams, integration of roles, and job rotation, made employees feel like part of the organization and were keen to achieve the organizational goals (Altaf ,2011). The study was quantitative, and data was collected through questionnaires with a series of closed ended questions (Altaf ,2011).

Additionally, a comparative study was conducted to explore how cultural dimensions affect the implementation of work life balance programs among professional women in the Republic of Korea and United States of America (Brown et al.,2021). Data was collected from a total of 525 participants from the two countries whereby the respondents from The Republic of Korea scored a low IDV; they believe that they are responsible for themselves and others, however respondents in the United States of America scored high on IDV and they only believed that they are responsible for themselves (Brown et al.,2021). In the study, the implementation of work Life balance programs had a higher chance of success because of the low IDV score in the United States of America, where everyone is responsible for themselves, and they could decide their working hours, which ultimately improved performance due to the flexibility in the Work Life Balance (Brown et al.,2021). This study was however limited to women in managerial positions, working for Government Agencies.

Cultural dimensions are taken into consideration particularly by multinationals who seek to conduct business in Africa in respect to organizational behavior where collectivism is encouraged in the African cultural context; it results to high levels of collaboration and team effectiveness therefore organizations must align their policies and practices to reflect a low IDV index when operating in Africa (Darley & Blankson,2008). A study conducted by Liu et al.,(2021) affirms this by concluding that organizational cultures that encourage collectivism have better relationships with external partners and internal functions; they relate better with other partners in the supply chain such as customers and suppliers, consequently, such organizations report the supply chain effectiveness and improved financial performance over time.

2.3.3 Masculinity versus Femininity and Operational Performance

The concept of Masculinity and femininity is often approached with the preconceived bias of gender roles, however according to Hofstede's cultural dimensions, it refers to the extent in which values differ between men and women in societies which in turn contributes to the organizational culture in those societies (Hofstede, 2011). Goal orientation, accumulation of material possession and money are associated with masculinity whereas interpersonal harmony, quality of life and nurturance are associated with femininity (Darley & Blankson, 2008). Organizations that score a high MAS index value are characterized by assertiveness, competitiveness and aggression, which are traits associated with masculinity, on the other hand, organizations that score a low MAS index exhibit traits that value femininity such as friendliness co-operation, and collaboration (Hofstede 2011). From the national cultural perspective, countries that have a high MAS index, would have the female gender exhibiting masculine traits such as assertiveness and competitiveness, on the other hand, organizations in countries that score a low MAS index, would have male employees exhibiting traits associated with femininity such as friendliness, position security, co-operation, and collaboration according to (Hofstede,2011)

Employee performance was negatively affected by information systems misuse in organizations that scored a low MAS index (Ugrin et al., 2018). The research concluded that, organizations that reported a high MAS index are the least likely to undertake unethical activities that may compromise the organization's image or the employee levels of performance due to their goal orientation nature, conversely, organizations that score a low MAS index, were likely to participate in cyberloafing activities due to less emphasis on goal orientation (Ugrin et al., 2018). Overall, cyberloafing was strongest in feminine cultures; the regression models were particularly strong when examining online shopping and social networking (Ugrin et al., 2018). Online data was collected from 249 individuals, residing in 17 countries, and enrolled in MBA and executive MBA courses (Ugrin et al., 2018).

The MAS index influences individual's internalized self-perception of their ability to occupy a leadership position in future and their level of performance in that position (Gannouni & Lalao,2019). Data was collected from 371 management students, based in 19 countries that scored a high MAS index and a low MAS index (Gannouni & Lalao, 2019). MAS index was measured based on an individual's self-perceived possession of attributes that relate to masculinity such as

assertiveness and femininity such as interpersonal skills; it concluded that there was a positive correlation between masculinity and leadership in countries that score a high MAS index and a positive correlation between femininity and leadership in countries that score a low MAS index (Gannouni & Lalao, 2019).

To further test the MAS index, data collected in 2005 and 2015 from 46 countries was analyzed and tested on the MAS index, using work characteristics as a variable, to determine its relationship with the MAS index (Minkov & Kaasa, 2020). This study concluded that work characteristics which involved collaboration and interpersonal relationships were more prevalent in countries that reported low MAS index, whereas higher salaries and goal-oriented work characteristics were more prevalent in countries that reported a high MAS index (Minkov & Kaasa, 2020) The performance of employees depended on their alignment with their individual goals, which affected the overall performance of an organization (Minkov & Kaasa, 2020).

2.3.4 Uncertainty Avoidance and Operational Performance

Uncertainty Avoidance UAI measures how individuals within a group, organization or society are affected by ambiguity (Liu et al.,2021). UAI measures a preference for strict rules, well documented procedures and policies that must be adhered to (Burton 1998). Organizations that have a high level of uncertainty avoidance prefer rigid policies and codes of conduct with little tolerance for nonconformity; characterized by long traditions, little diversity and resistance to change whereas organizations that have a low score of uncertainty avoidance tend to have flexible policies, and are more comfortable with risk taking and change, they also exhibit greater diversity (Hofstede 2011; Liu et al.,2021).

Uncertainty Avoidance influences the supply chain effectiveness of an organization (Doering et al.,2019). Organizations that score a high UAI have effective supply chains and investments in these supply chains to improve their effectiveness was beneficial; such organizations are keen to avoid ambiguities and are open to create systems that support supply chain effectiveness (Doering et al.,2019). The researchers concluded that to ensure maximum return on investments, companies should consider a high level of uncertainty as a guide on high returns on investments in supply chain integration (Doering et al., 2019).

Similarly, another study by Liu et al., (2021) to explore the effect of uncertainty avoidance on supply chain effectiveness used data collected from 124 respondents comprising of supply chain and senior managers of retail firms in 35 countries. Measures of Supply Chain effectiveness such as follow up with customers for feedback and level of communication with customers were explored and concluded that a high UAI index positively affects an organization's supply chain effectiveness which ultimately improves the operational performance of the organization (Liu et al., 2021). This study was limited however because it collected data from senior level managers in the retail industry, and only covered Morocco in Africa (Liu et al.,2021).

Empirical research on the effect of organizational culture on operational performance, using the Hofstede cultural dimensions has shown some variations off the current study. The study by Ugrin et al., (2018) explored the relationship of the Hofstede cultural dimensions and cyberloafing however the survey methodology that was primarily used to collect data, may have given inaccurate information caused by biasness of respondents, through self-reporting (Ugrin et al.,2018). The research by Ugrin et al., (2018) did not specifically address operational performance elements that could be affected by cyberloafing. Similarly, the study by Gannouni and Lalao, (2019) did not mention specific elements of operational performance that could be affected by the future leader's self-perception of work. The study by Clayton and Hutchinson, (2002) also did not show specific elements of operational performance that would be affected by lack of organizational commitment.

Conversely the studies by Doering et al., (2019); Liu et al., (2021) both addressed the operational performance elements in the supply chain, that are affected by organizational cultural dimensions but did not cover the Testing Inspection and Certification Industry which a player in the supply chain. Similarly, the study by Mulki et al., (2015) addressed specific elements of performance however the study only covered companies in the Banking, Insurance and Technology industries but did not mention companies in the Testing Inspection and Certification Industry; it did not cover many of African countries but focused on Europe and America.

The respondents in the studies by Ugrin et al., (2018); Gannouni and Lalao, (2019) comprised of Management students in different business schools in the countries that were sampled; a representation of the actual professionals however, they lacked awareness on specific elements of

the job market. The research by Clayton and Hutchinson, (2002) comprised only of respondents from professional accounting bodies in South Africa and Australia, excluding other professionals

This study sought to address these research gaps in the context of the Kenyan Market, specifically in SGS Kenya. The following is a table showing a summary of the research gaps

Table 2.1 Research Gaps Summary 1

Author	Title	Findings	Research Gap	How Gap was addressed
Ugrin et al.,2018	An Examination of the Relationship between Culture and Cyberloafing Using the Hofstede Model	Cyberloafing activities is significantly influenced by cultural dimensions, which negatively affects performance of employees	Secondary Data was relied upon to collect data on some variables. Specific Elements of Operational Performance were not examined	Primary Data was used to collect information data Specific elements of Operational Performance were examined, namely efficiency-oriented measures, customer-oriented measures and employee-oriented measures
Clayton and Hutchinson 2002	Organizational commitment of accountants in Australia and South Africa	Organizational commitment is influenced by nationality, which dictates cultural dimensions namely Individualism and Collectivism	Population of the study only comprised of Masters students undertaking business courses Study was limited to only accountants in the two accounting bodies. The measure was employee efficiency measure that manifests as organizational commitment.	Population of the study comprised of employees with different levels of education Respondents were be all employees of the organization, and other operational performance variables were be examined

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Table 2.1 Summary of the Research Gaps

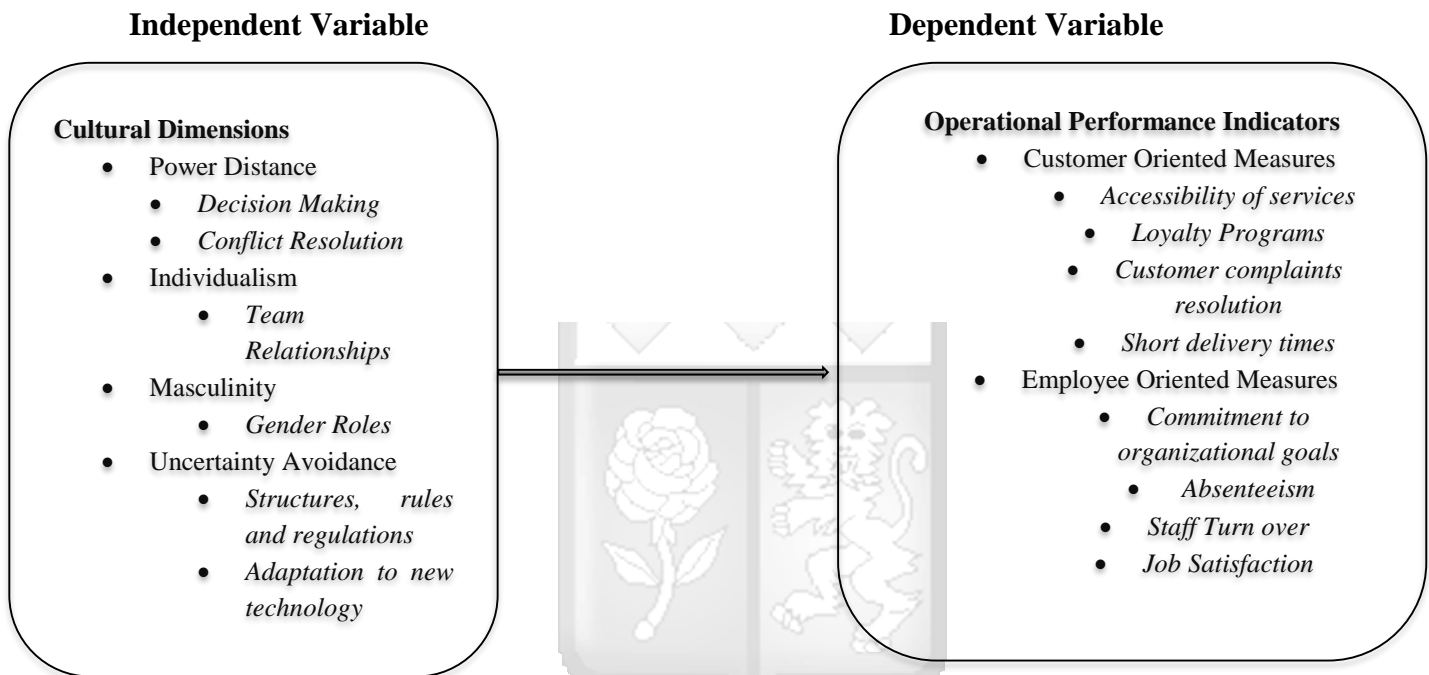
Author	Title	Findings	Research Gap	How Gap was addressed
Liu et al., 2021	Does national culture matter? Understanding the impact of supply chain integration in multiple countries.	National cultural dimensions have an influence over supply chain integration efforts in different countries.	The study did not investigate the TIC industry.	This study investigated a Kenyan subsidiary in the Testing Inspection and Certification Industry, in the Kenyan context.
Gannouni and Lalao, 2019	Examining Gender Effects on Leadership among Future Managers: Comparing Hofstede's Masculine vs. Feminine Countries.	Masculinity and femininity cultural dimensions influence self-perception of leadership capabilities of female respondents but is not the case for male respondents.	Respondents were students who were not occupying any leadership or managerial roles.	Respondents included employees in managerial roles.
Mulki et al., 2015	Leadership style, salesperson's work effort and job performance: the influence of power distance.	High Power Distance encouraged job performance	Other three dimensions of Hofstede's Cultural Dimensions were not examined.	All four cultural dimensions were investigated.

Source: Researcher, (2022)

2.5 Conceptual Framework

The conceptual framework hypothesizes the interaction between Hofstede's cultural dimensions and operational performance indicators of SGS Kenya Limited. The following figure 2.1 shows the interaction of the two variables

Figure 2.1 Conceptual Framework



Source: Researcher (2022)

2.6 Operationalization of Variables

Following the empirical review, table 2.2 shows the definitions and indicators adapted for this study

Table 2.2 Operationalization of Variables

Variable	Construct	Adopted Definition	Indicators	Measurement	Supporting Literature
Organizational Culture (Dependent Variable)	Power Distance Index (PDI)	The extent to which less powerful members of an organization accept unequal distribution of power.	Conflict avoidance with management Management decision making style.	A five-point Likert scale was used where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.	Yoo et al., 2011 ; Siddique et al., 2020.
	Individualism (IDV)	The extent to which members of an organization are expected to look after themselves.	Training opportunities, team building activities, good working conditions.	A five-point Likert scale was used where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.	O'Neill et al., 2016
	Masculinity Index (MAS)	Acceptance of male perceived traits and roles in an organization.	Employment security, inter-personal relationships.	A five-point Likert scale was used where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.	Gannouni & Lalao 2019
	Uncertainty Avoidance Index (UAI)	Measurement of how individuals are affected by uncertainty, and their preference to strict rules.	Respect of policies, long term career goals.	A five-point Likert scale was used where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.	Doering et al., 2019 ; Yoo et al., 2011
Operational Performance (Independent Variable)	Customer Oriented measures	Industry specific measures of an organization's performance	Number of complaints, customer satisfaction on time delivery	A five-point Likert scale was used where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.	Ahmad & Zabri 2016

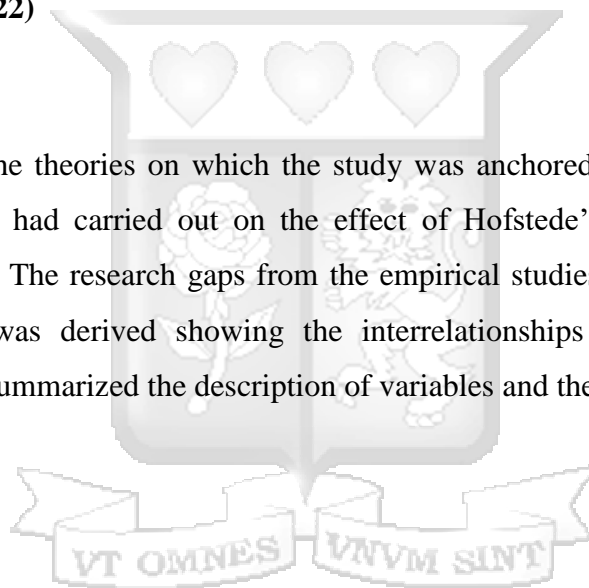
Table 2.2 Operationalization of Variables

Variable	Construct	Adopted Definition	Indicators	Measurement	Supporting Literature
	Employee Oriented Measures	A company's specific measures of an employee's output	Staff turnover, absenteeism, Lateness, motivation.	A five-point Likert scale was used where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.	Ahmad & Zabri 2016

Source; Researcher (2022)

2.7 Chapter Summary

This chapter discussed the theories on which the study was anchored as well as the empirical studies prior researchers had carried out on the effect of Hofstede's cultural dimensions on operational performance. The research gaps from the empirical studies were summarized and a conceptual framework was derived showing the interrelationships between variables. The operationalization table summarized the description of variables and their measures



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter described the methodology that was used to address the research problem. The chapter also covered the research philosophy, research design, context of study, target population, sample and sampling procedures, instruments, validity and reliability of instruments, data collection and analysis procedures that were used in this study. The ethics consideration was included as the final section of this chapter

3.2 Research Philosophy

A research philosophy is a set of beliefs that guides the design and execution of a scientific research; the execution of research entails measurement of variables and reporting of findings using the appropriate techniques that are aligned with the researcher's world view (Kovalainen & Eriksson, 2011).The researcher followed the positivism research philosophy where, meaning of phenomena was drawn empirically and the role of the researcher was to analyze and interpret data objectively in order to establish the relationship between the variables under study, i.e., organizational culture and operational performance. A positivist research approach is statistically quantifiable and observable; the research process begins with gathering and presenting theoretical subjects under investigation, then data is collected to either prove or disprove the theory (Clark,1998)

Data was collected, analyzed and predictions given based on existing and proven theories. Positivism is considered the best approach for this study, because it guided the researcher towards evidence. The evidence obtained led to the conclusion that organizational culture determines an organization's outcomes such as operational performance. Operational performance was the dependent variable of this study. The data presented shaped the findings of the study.

3.3 Research Design

Research Design refers to the approach undertaken by the researcher to answer the research questions and offer a solution to the problem statement, it provides a framework for selecting specific methods of data collection and data analysis (Sekaran & Bougie, 2010). This study adopted a quantitative research methodology, and specifically a descriptive research design. It showed the relationships between the dependent and independent variables, by explaining the status of the phenomena under study, in terms of inherent characteristics, values and attitudes and aid the researcher collect large amounts of data (Sekaran & Bougie, 2010). A descriptive design attempts to collect quantifiable data of the population sample for statistical analysis. The descriptive method of research is used to describe a population or situation accurately. The three main types of descriptive studies are case studies, observation, and surveys (Sekaran & Bougie, 2010).

A cross sectional approach was adopted for this study to enable the researcher collect data at the same time from different SGS employees located in Nairobi and Mombasa offices, the variables were observed without the researcher influencing responses. A cross sectional approach looks at a population at a single point in time, and variables are recorded for each participant (Kumar, 2018). The study was limited to a determination of the effect of organizational culture on operational performance of SGS Kenya limited, between June 2022 and July 2022. Other researchers that used a similar approach include Ahmad and Zabri (2016); O'Neill et al., (2016) and Liu et al, (2021).

3.4 Population of the study

The study population comprised of all permanent employees of SGS Kenya Limited, based in Nairobi and Mombasa as at June 2022. The departments that formed the population include the supporting services departments namely Finance Hub, Human Resources, Information Technology and Finance In country as well the Business Lines, namely Connectivity and Products, Health and Nutrition, Multi lab, Natural Resources, Operational Integrity, Industries and Environment. The total population of the study was 352 employees

3.5 Sampling Technique

The study relied on responses from mid-level managers and junior level employees based in Nairobi and Mombasa offices. The organizational structure was hierarchical in nature, where the

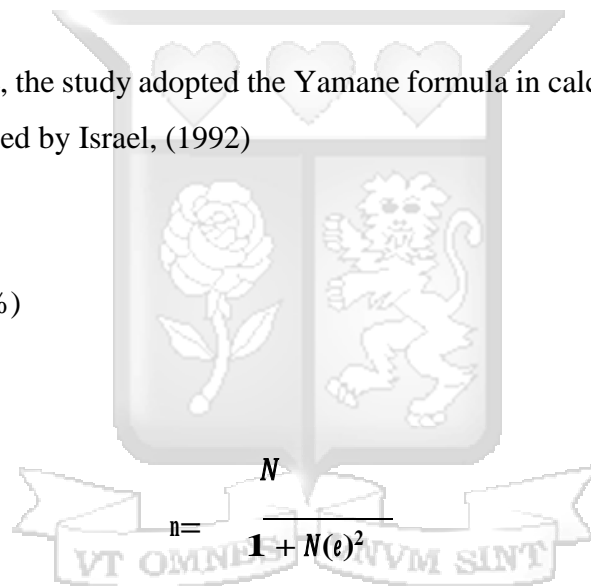
top-level management comprised of a regional team, based in different parts globally. The Managing Director Kenya, formed part of the top management team and reported to a Regional Manager for Africa. The mid-level managers reported to the Managing Director and all other junior employees report to their respective mid-level managers. Mid-level managers were responsible for the implementation of actions that influence organizational culture such as training and reinforcing behavior through recognition and reward therefore their input was vital for to this study on the other hand junior employees were directly impacted by the decisions made by the mid-level managers. To obtain data on the required characteristics, the researcher sought more than one response from a department. The sample was drawn from employees based in Upper Hill Victoria Towers, Nairobi and SGS House in Shimanzi, Mombasa

To obtain the sample size, the study adopted the Yamane formula in calculating the sample size as shown below also proposed by Israel, (1992)

n= sample size

N= Population size

e= Level of precision (5%)



$$n = \frac{352}{1 + 352(0.05)^2} = 187$$

Therefore, the sample comprised of 187 respondents. The study utilized a stratified sampling technique, where the sample of 187 respondents was divided into the different departments and questionnaires sent to employees in the various departments.

3.6 Data Collection Procedure

Data collection instruments are means of obtaining feedback from respondents (Mweu, 2021). This study used structured questionnaires to collect primary data which were distributed electronically through google sheets to the employees in SGS Nairobi and Mombasa offices. The use of google forms to distribute the questionnaires was necessitated because the organization had embraced a hybrid working model and most of the employees were working from home. It comprised of closed ended questions to enable the researcher to gather essential information that may affect the study findings.

The questionnaire was divided into three main sections, the first section (Section A) captured the bio data of the respondent, such as age, and gender. Due to the strict data protection policy of the organization, respondent's names were omitted. The second part, section B was structured around Hofstede's four cultural dimensions which was the independent variable, that were adopted from the questionnaire developed by Boonghee et al., (2011) where responses were measured using a five-point Likert scale (1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree). Under power distance, a sample question was "staff members are encouraged to openly offer differing opinions with their managers regarding work". Under masculinity a sample question was "we are encouraged to be competitive, firm and aggressive". Under individualism, a sample question was "it is common for colleagues to get together after work" and under uncertainty avoidance a sample question was "our company is very controlled and structured place. Formal procedures generally govern what people do".

The last section C, measured the dependent variable operational performance the questionnaire was adapted from a study by Ahmad and Zabri, (2016) to show customer and employee-oriented measures of performance with modifications for the respondents to give more comprehensive feedback. Under the customer-oriented measures, a sample question was "we always adhere to a short turnaround time for our services". Under the employee-oriented measures, a sample question was "I complete all tasks related to my work in a timely manner". The responses under this section were measured using a five-point Likert scale (1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree).

Data was collected between June and July 2022. The instrument used was adapted from a questionnaire developed by Boonghee et al., (2011) that tested Hofstede’s cultural dimensions on an individual level known as the cultural value scale, which drew its inferences from the initial questionnaire developed by Hofstede in his study among IBM employees. Modifications were made to capture more information.

3.7 Quality of Research

Reliability and Validity are the key indicators of the quality of research.

3.7.1 Reliability

Research is considered reliable if it is possible to be replicated by another researcher conducting similar research at a different time. The outcomes should be consistent therefore, the level of consistency and stability of an instrument is referred to as reliability (Kumar, 2018). A pilot study was concluded on a sample of 10 participants whose responses were not incorporated in the final research study. The responses obtained were fed in SPSS for analysis using the Cronbach’s Alpha tool of reliability. The findings of the internal consistency test to assess whether the questionnaire was a reliable instrument to address the objectives of this study are presented in the following Table 3.2

Table 3.1 Reliability Analysis Results

Variable	Cronbach’s Alpha Coefficient	Number of Items	Classification
Power Distance Index	0.973	9	Reliable
Individualism	0.923	5	Reliable
Masculinity	0.972	8	Reliable
Uncertainty Avoidance	0.952	6	Reliable
Operational Performance	0.808	16	Reliable

Source: Primary Data (2022)

The findings observed the power distance index, individualism, masculinity, uncertainty avoidance and operational performance posted Cronbach’s Alpha values of 0.973, 0.923, 0.972, 0.952 and 0.808 respectively. This meant that the question items of all the variables on the ordinal Likert scales were internally consistent and thus the questionnaire was reliable and suitable for the main data collection exercise because an alpha value of 0.70 and above is acceptable in cases

where the study is conducted in the Social Sciences category (Cooper & Schindler, 2014). This study adopted this guideline as a measure of the level of consistency of the questionnaire.

3.7.2 Validity

For this research, both face and content validity of the questionnaire were tested through logic, where a conscious connection between the questions and the aims of the study were checked. The questionnaire was reviewed by the supervisor for appropriateness in answering the research questions. The views of the supervisor were incorporated, and the researcher ensured that the content of the questionnaire aligned with the research variables and answered the research questions.

3.8 Data Analysis

After data collection, the data was checked to eliminate common errors, gaps and inconsistencies to ensure uniformity and completeness of the responses. The checked questionnaires were coded into SPSS Statistics software for quantitative analysis. Descriptive statistics such as frequencies and percentages were used to analyze data on demographic variables and the individual questionnaire items. Average scores and standard deviations were computed for Likert scale questions which allowed for presentation of the tabulated responses from all the study participants. The multiple regression analysis was used to test the relationship between the dependent and independent variables. The model is as follows,

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where: Y = Dependent Variable (Operational Performance)

X=Independent variables, which are:

X1 Power Distance Index

X2 Individualism

X3 Masculinity

X4 Uncertainty Avoidance

3.9 Ethical Considerations

Upon receipt of an introductory letter from the Strathmore Business School (SBS), a research permit from the National Commission for Science, Technology, and Innovation (NACOSTI) and an ethical approval from the Strathmore University Ethics Review Committee, the researcher wrote to all the targeted respondents seeking their permission to use them as respondents in this study. The researcher also sought approval from SGS Kenya Limited management, and once granted, the researcher administered the questionnaires to the respondents. Each questionnaire was accompanied by a cover letter that explained that the purpose of the study was academic and only for voluntary participation; all responses were treated with confidentiality and anonymity of the respondent was assured. This ensured that the quality and integrity of the study was upheld. To further assure the management and staff of SGS Kenya, the approval from the Strathmore University Ethics Review Committee was shared to the management of SGS Kenya Limited for assurance the study and results were only for academic purposes. Periodic reminders were done to ensure completion and submission of the questionnaires by the respondents. All published and unpublished responses were acknowledged to avoid plagiarism. Data collection was only for the specific period and allowed and no new data will be collected afterwards.

3.10 Chapter Summary

This chapter covered the methodology that was used to address the research problem. The chapter also explained the research philosophy, research design, context of study, target population, sample and sampling procedures. In addition, the chapter explained the data collection instruments and methods of testing their validity and reliability; data collection method and analysis procedures that will be used in this study. Finally, the ethics consideration formed the last part of this chapter.

CHAPTER FOUR

DATA ANALYSIS, RESEARCH FINDINGS AND INTERPRETATION

4.1 Introduction

This chapter presents and discusses the data analysis findings of the primary data collected with the aim of addressing the research objectives of the study. Descriptive statistics were employed to explain the demographic characteristics of the respondents (employees) drawn from SGS Kenya Limited based in Nairobi and Mombasa, Kenya. The chapter also presents and discusses the findings of the reliability test analysis. In addition, the chapter also presents factor analysis results that were used to deduce Hofstede's cultural dimension related statements and operational performance related statements into fewer factors that were used for correlation and regression analysis. Correlation and regression analysis results used to establish the effect of organizational culture on operational performance of SGS Kenya limited employees based in Nairobi and Mombasa are also discussed. Finally, the chapter closes with the overall summary of the presentation of research findings in line with the objectives of the study.

4.2 Response Rate

This study targeted 187 out of 352 employees of SGS Kenya Limited based in Nairobi and Mombasa, Kenya. Data collected in Nairobi region formed 61.7% of the responses received while Mombasa region responses formed 38.3% of the responses. The researcher targeted both middle and operational level employees and a total of 187 questionnaires were sent out electronically using google forms. Out of the targeted sample of 187 employees, 120 employees (64.17%) responded to the questionnaires issued for this study. According to Baruch and Holtom (2008), a response rate of 60% from a non-random sample is considered representative in academic research, especially research focused on social and human traits.

4.3 Demographic Profile

Section A of the questionnaire sought to establish the demographic profile of the respondents. The questions were framed to collect data on gender, age, department, level of education, level of management, work station and number years of service at SGS Kenya limited. These demographic elements were assessed because of their possible control effects on the study. The following tables represent the findings of the demographic information of the respondents

Table 4.1 Gender

Demographic Information		Frequency	Percentage%
Gender of the Participants	Male	64	53.3
	Female	55	45.8

Source: Primary data, (2022)

From the above table 4.1 53.3% of the respondents comprised of male, whereas 45.8% of the respondents were female. From the information above, the gender is moderately balanced and thus the responses were not skewed to a specific gender.

Table 4.2 Age

Demographic Information		Frequency	Percentage
Age of the Participants	25 and below	16	13.3
	26-30 years	34	28.3
	31-35 years	38	31.7
	36-40 years	22	18.3
	41-45 years	10	8.3

Source: Primary data, (2022)

From the table 4.2 Most of the respondents were aged between 31-35 years which formed 31.7% of the respondents. The talent pool of SGS Kenya is comprised of young professionals. The industry is steadily developing in the country and this is a reflection on the growth of the TIC industry in Kenya

Table 4.3 Education

Demographic Information		Frequency	Percentage
Highest Level of Education	Masters	13	10.8
	Degree	77	64.2
	Diploma	24	20
	Certificate	6	5

Source; Primary data (2022)

From table 4.3 above 64.2% of the responses have their highest level of education as a bachelor's degree. It can be inferred therefore that for most of the positions the basic requirement as the highest level of education is a degree. For some positions however a diploma or a certificate is acceptable as qualification. Technical competence is a requirement for employability in the TIC industry which is seen from the results above.

Table 4.4 Department

Demographic Information		Frequency	Percentage
Department	Connectivity & Products	12	10
	Finance In Country	2	1.7
	Finance Hub	12	10
	Human Resource & Admin	11	9.2
	Information Technology	4	3.3
	Industries & Environment	18	15
	Knowledge	6	5
	Multi-Lab	8	6.7
	Natural Resources	13	10.8
Health and Nutrition	34	28.3	

Source: Primary data (2022)

The above table 4.4 shows the specific departments where the responses were drawn from. From the above table, 28.3% of the responses were from the Health and Nutrition department. The lowest number of responses came from the Finance in country department.

Table 4.5 Level in the Organization

Demographic Information		Frequency	Percentage
Level in the Organization	Management	19	15.8
	Operations	101	84.2

Source: Primary data (2022)

Table 4.5 shows the seniority levels of the respondents in SGS Kenya. 84.2% of the respondents were from the operations while 15.8% of the respondents were from the management. Most of the respondents were not managers, this implies that there are few managers in the organization who participated in the survey.

Table 4.6 Work Station

Demographic Information		Frequency	Percentage
Work Station	Nairobi	74	61.7
	Mombasa	46	38.3

Source: Primary data (2022)

Most of the respondents in the above table 4.6 are based in Nairobi. They formed 61.7% of the respondents, while 38.3% of the respondents were based in Mombasa. The regional office for SGS Kenya Limited is in Nairobi and this could imply that most employees are based in the regional office

Table 4.7 Number of Years Worked

Demographic Information	Frequency	Percentage	
Number of Years worked in SGS	0-1 year	37	30.8
	2-5 years	36	30
	6-9 years	34	28.3
	10 years or more	13	10.8

Source: Primary data (2022)

Table 4.7 shows the information of the number of years the respondents have worked in SGS Kenya Limited. From the table, most of the respondents have been in the organization for 5 years or less, which could also be linked to the young population of the respondents. Only 10.8% of the respondents have worked for 10 years or more.

4.4 Descriptive Statistics

Descriptive statistics comprising of mean and standard deviation were employed to establish the perceptions of the respondents with regards to the effect of organizational culture on operational performance. Respondents were requested to indicate the extent to which they agreed or disagreed with statements drawn from the variables on a scale of 1 to 5 where 1 is strongly disagree and 5 is strongly agree. Section B of the questionnaire focused on collecting data on Hofstede's cultural dimensions, while section C focused on collecting data on elements of operational performance, specifically customer and employee-oriented measures of operational performance as per the research objectives of the study.

4.4.1 Power Distance

The study sought to establish the effect of power distance as a cultural dimension on organizational performance of SGS Kenya Limited. To rate the perception of power distance as a cultural dimension in SGS Kenya, Nairobi and Mombasa offices, descriptive statistics involving mean and standard deviation were used and the findings of the analysis were presented in the following Table

Descriptive Statistics Results of the Power Distance Dimension in SGS Kenya Limited

Table 4.8 Power Distance

Statement	Mean	Standard Deviation
Managers rely on formal rules as opposed to personal experience when undertaking their managerial roles.	3.225	1.663
Staff members are comfortable with close supervision and feel that they perform better when under close supervision.	3.192	1.721
Some privileges are a reserve for management.	3.033	1.587
Staff members participate in key decisions affecting the company.	2.817	1.290
Staff members are encouraged to talk to their managers about personal matters.	2.717	1.474
Staff members obey their managers without question.	2.717	1.451
Lines of communication are open between management and other staff.	2.667	1.474
Managers closely supervise their staff.	2.592	1.350
Staff members are encouraged to openly offer differing opinions with their managers regarding work.	2.500	1.303
Overall score	2.829	1.479

Source: Primary data (2022)

The findings noted that most of the respondents moderately agreed that managers rely on formal rules as opposed to personal experience when undertaking their managerial roles with a mean of 3.225 and a standard deviation of 1.663. Secondly, most of the respondents moderately agreed that the employees are comfortable with close supervision and feel that they perform better when under close supervision with a mean of 3.192. This gives a sense of a high-power distance index at SGS Kenya Ltd. Further evidence of a high-power distance is seen where most of the respondents moderately agreed that some privileges in the organization are a reserve for management with a mean of 3.033 and a standard deviation of 1.587.

The findings also showed that the employees do not participate in key decisions affecting the company with a mean of 2.817; this is another indicator of a high-power distance. The descriptive findings showed that most of the respondents disagreed that employees are encouraged to talk to their managers about personal matters with a mean of 2.717. Most of the respondents also disagreed that staff members obey their managers without question with a mean of 2.717. In addition, most of the respondents disagreed that the lines of communication are open between the management and other staff reporting a mean of 2.667 and a standard deviation of 1.474)

The descriptive results noted that managers do not closely supervise their staff seen in the mean of 2.592. Finally, the findings observed that most of the respondents disagreed that staff members are encouraged to openly offer differing opinions with their managers regarding work.

4.4.2 Individualism

The study sought to establish the effect of individualism as a cultural dimension on organizational performance of SGS Kenya Limited. To rate the perception of individualism as a cultural dimension in SGS Kenya, Nairobi and Mombasa offices, descriptive statistics using mean and standard deviation were used and the findings of the analysis were presented in the following Table

Table 4.9 Descriptive Statistics Results of the Individualism Dimension in SGS Kenya Limited

Statement	Mean	Standard. Deviation
Colleagues share all aspects of their personal lives with each other.	2.950	1.377
Team activities such as team building, and staff parties are regularly organized and encouraged.	2.917	1.388
Individuals sacrifice personal goals for team goals.	2.858	1.416
It is common for colleagues to get together after work.	2.833	1.292
Group welfare is more important than individual rewards.	2.758	1.360
Overall Score	2.863	1.367

Source: Primary data (2022)

The findings showed that employees do not share all aspects of their personal lives with each other with a mean of 2.950 and standard deviation of 1.377. Moreover, the respondents disagreed that team activities such as team building, and staff parties are regularly organized and encouraged with a mean of 2.917. The findings also showed that employees do not sacrifice their personal goals for team goals with a mean of 2.858 and standard deviation of 1.416. It was also observed that work colleagues do not often get together after work with a mean of 2.833 and a standard deviation of 1.292. Finally, the respondents disagreed that group welfare is more important than individual rewards with a mean of 2.758; Standard Deviation = 1.360). The findings in general alludes that there is a high level of individualism in SGS Kenya ltd.

4.4.3 Masculinity

The study sought to establish the effect of masculinity as a cultural dimension on organizational performance of SGS Kenya Limited. To rate the perception of masculinity as a cultural dimension in SGS Kenya, Nairobi and Mombasa offices, descriptive statistics involving mean and standard deviation were used and the findings of the analysis were presented in the following Table 4.10

Table 4.10 Descriptive Statistics Results of the Masculinity Dimension in SGS Kenya Limited

Statement	Mean	Standard. Deviation
Men make decisions based on logic and women make decisions based on emotion.	3.117	1.557
We are encouraged to be competitive, firm and aggressive.	3.017	1.216
There are jobs that only men can do better than women.	3.000	1.478
We are encouraged to be modest and foster good relationships among each other.	2.983	1.402
There are more women in top management positions.	2.842	1.341
Employees change jobs frequently to better paying jobs.	2.808	1.386
Top performing employees are regularly rewarded.	2.692	1.314
Overall Score	2.923	1.385

Source: Primary data (2022)

The findings showed that most of the respondents moderately agreed that men make decisions based on logic and women make decisions based on emotion with a mean of 3.117 and a standard deviation of 1.557. It was also noted that most of the respondents moderately agreed that employees are usually encouraged to be competitive, firm and aggressive by reporting a mean of 3.017 and standard deviation of 1.216. The respondents also moderately agreed that there are jobs that only men can do better than women reporting a mean of 3.000. The findings showed that the respondents disagreed that there are more women in top management positions seen by the mean of 2.84 and a standard deviation of 1.342. The findings in general indicated a high level of masculinity at SGS Kenya ltd characterized by assertiveness, competitiveness and aggression.

4.4.4 Uncertainty Avoidance

The study sought to establish the effect of uncertainty avoidance as a cultural dimension on organizational performance of SGS Kenya Limited. To rate the perception of uncertainty avoidance as a cultural dimension in SGS Kenya, Nairobi and Mombasa offices, descriptive

statistics involving mean and standard deviation were used and the findings of the analysis were presented in the following Table 4.5

The descriptive findings showed that most of the respondents moderately agreed that there are strict rules regarding dressing codes, routines, reporting time, and code of conduct in the organization reporting a mean of 3.025 and a standard deviation of 1.606. Most of the respondents moderately agreed that they are able to quickly adapt the organization’s systems to meet customer requirements without lengthy approvals with a mean of 3.017 and a standard deviation of 1.650. Respondents also moderately agreed that new ways of performing tasks are encouraged seen by a mean of 3.008 and a standard deviation of 1.429. This means that even though there is presence of uncertainty avoidance in SGS Kenya ltd, innovation and flexibility is highly encouraged. On the other hand, most of the respondents disagreed that the company frequently launches new services tailored to the Kenyan market with a mean of 2.867 and a standard deviation of 1.598. They also disagreed that slight deviations from the policies and rules have negative consequences with a mean of 2.817.

Table 4.11 Descriptive Results of the Uncertainty Avoidance Cultural Dimension in SGS Kenya ltd

Statement	Mean	Standard. Deviation
There are strict rules regarding dressing codes, routines, reporting time, and code of conduct.	3.025	1.606
We are able to quickly adapt our systems to meet customer requirements without lengthy approvals.	3.017	1.650
New ways of performing tasks are encouraged.	3.008	1.429
Our company frequently launches new services tailored to the Kenyan market.	2.867	1.598
Slight deviations from the policies and rules have negative consequences.	2.817	1.572
Our company is a very controlled and structured place. Formal procedures generally govern what people do.	2.733	1.516
Overall Score	2.911	1.562

Source: Primary data, (2022)

The findings also observed that the company is not very controlled and structured besides that, the findings also noted that formal procedures do not generally govern what people do with a mean of 2.733 and Standard Deviation of 1.516.

4.5 Operational Performance

Operational performance was assessed in terms of customer-oriented measures and employee-oriented measures of performance.

4.5.1 Customer Oriented Measures of Operational Performance

The study sought to establish how customer oriented operational performance dimensions are perceived by employees of SGS Kenya Limited based in Nairobi and Mombasa. To rate the different dimensions of customer-oriented measures of operational performance in SGS Kenya, Nairobi and Mombasa offices, descriptive statistics involving mean and standard deviation were used and the findings of the analysis were presented in the following Table 4.6

Table 4.12 Descriptive Statistics Results of the Customer Oriented Measures of Performance in SGS Kenya Limited

Statement	Mean	Standard Deviation
Our services are readily available, affordable, and accessible to customers.	3.700	1.459
Customer feedback is regularly obtained, reviewed, and acted on.	3.700	1.459
We are regularly trained on appropriate customer handling practices.	3.700	1.459
We always adhere to a short turnaround time for our services.	3.700	1.459
We regularly conduct customer surveys to gather feedback.	3.650	1.430
We have loyalty plans to regularly recognize and reward loyal customers.	3.500	1.506
Our company's top managers from the headquarters regularly interact with current and prospective customers at least once a year.	3.500	1.506
Our company regularly tracks the customer complaint resolution duration.	3.500	1.506
Overall Score	3.619	1.473

Source: Primary data (2022)

The descriptive results showed that most of the respondents agreed that the services SGS Kenya Limited provides are readily available, affordable, and accessible to customers with a mean of 3.700. Most of the respondents also agreed that customer feedback is regularly obtained, reviewed, and acted on seen by the mean of 3.700 and a standard deviation of 1.459. The respondents also agreed that they regularly conduct customer surveys to gather feedback, (mean of 3.650 and standard deviation of 1.430). It was also observed that SGS Kenya ltd has loyalty plans to regularly recognize and reward loyal customers with a mean of 3.500 and a standard deviation of 1.506). Moreover, the respondents also agreed that the company's top managers from the headquarters regularly interact with current and prospective customers at least once a year, seen from the mean

of 3.500 . Finally, the respondents agreed that the company regularly tracks the customer complaint resolution duration with a mean of 3.500.

4.5.2 Employee Oriented Measures of Operational Performance

The study sought to establish how employee oriented operational performance dimensions are perceived by the employees of SGS Kenya Limited based in Nairobi and Mombasa. To rate the different dimensions of employee-oriented measures of operational performance in SGS Kenya, Nairobi and Mombasa offices, descriptive statistics involving mean and standard deviation were used and the findings of the analysis were presented in the following Table 4.7.

Table 4.13 Descriptive Statistics Results of the Employee Oriented Measures of Performance in SGS Kenya Limited

Statement	Mean	Standard Deviation
I have witnessed a high a staff turnover rate in the past year.	3.700	1.459
I have all necessary information and tools to perform my duties.	3.700	1.459
I am always present for work and rarely report cases of absenteeism.	3.700	1.459
I complete all tasks related to my work in a timely manner.	3.700	1.459
I am committed to excellence through continuous improvement in all activities to increase value for our customers.	3.650	1.430
My skills and abilities are utilized effectively by the company.	3.500	1.506
I am committed to meeting the objectives set by the company.	3.500	1.506
I am committed to working past official working hours.	3.500	1.506
Overall Score	3.619	1.473

Source: Primary data (2022)

The descriptive results showed that SGS Kenya ltd has witnessed a high a staff turnover rate in the past year and that the employees have all the necessary information and tools to perform their duties justified by means of 3.700 respectively and standard deviations of 1.459 respectively. The findings also observed that most of the respondents agreed that they are always present for work and rarely report cases of absenteeism mean of 3.700. Moreover, the respondents agreed that they usually complete all the tasks related to their work in a timely manner with a mean of 3.700 and a standard deviation of 1.459. The descriptive results also confirmed that the employees are usually committed to excellence through continuous improvement in all activities to increase value for their customers reporting a mean of 3.650 and a standard deviation of 1.430). The respondents also agreed that their skills and abilities are utilized effectively by the company and that they always committed to meeting the objectives set by the company. This was justified by means of 3.500 and

standard deviation of 1.506 respectively. Finally, the respondents also agreed that they are usually committed to working past official working hours seen by a mean of 3.500 and a standard deviation of 1.506.

4.6 The Effect of Organizational Culture on Operational Performance of SGS Kenya Limited.

To establish the effect of organizational cultural dimensions (power distance, masculinity, individualism, uncertainty avoidance) on operational performance of SGS Kenya Limited, multiple regression analysis was used to establish if the Hofstede's cultural dimensions of power distance, masculinity, individualism and uncertainty avoidance explained the variability in operational performance of SGS Kenya Limited.

4.6.1 Diagnostic Test Results

A dataset can only be considered suitable for multiple linear regression analysis when the independent variables are not in any way reliant on each another, so that their influence on the dependent variable can be considered to be credible (Pallant, 2007). This means that there should be no cases on multicollinearity existing amongst the independent variables. Collinearity diagnostic test was carried out to confirm the presence or absence of multicollinearity amongst the independent variables for multicollinearity to be considered absent, the tolerance value from the test of a given independent variable should be greater than 0.1. In addition, the Variance Inflation Factor (VIF) value of a given independent variable as derived from the test should be equal to $1 \geq 10$. The Collinearity diagnostic test results of the study were presented in Table 4.8. The research findings noted there existed no multicollinearity amongst the study variables thus they were truly independent from each other; power distance index, individualism, masculinity and uncertainty avoidance posted tolerance values of 0.162, 0.449, 0.274 and 0.234 which were greater than the benchmark value of 0.1. Moreover, the aforementioned variables posted VIF values of 6.176, 2.229, 3.643 and 4.279 were within the benchmark range of 1 and 10. Since the results confirmed that indeed the independent variables were indeed sovereign from each other, it meant that regression analysis can be conducted.

Table 4.14 Collinearity Test Findings

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Power Distance Index	0.162	6.176
Individualism	0.449	2.229
Masculinity	0.274	3.643
Uncertainty Avoidance	0.234	4.279

a. Dependent Variable: Operational Performance

Source: Primary data (2022)

4.6.2 Correlation Results

This study used Pearson's correlation analysis to determine the relationship between the study variables. Further, the coefficient of determination was used to determine the association between the four Hofstede's cultural dimensions (power distance, masculinity, individualism and uncertainty avoidance) and operational performance of SGS Kenya Limited. The following table 4.9 presents the results from the correlation analysis

Table 4.15 Correlation Analysis Results

PEARSON'S CORRELATION		PD	MAS	IDV	UAI	OP
Power Distance (PD)	Pearson Correlation	1	.443**	.350**	.361**	.274**
	Sig. (2-tailed)		0.000	0.000	0.000	0.000
	N	120	120	120	120	120
Masculinity (MAS)	Pearson Correlation	.443**	1	.307**	.563**	.441**
	Sig. (2-tailed)	0.000		0.000	0.000	0.000
	N	120	120	120	120	120
Individualism (IDV)	Pearson Correlation	.350**	.307**	1	.360**	.313**
	Sig. (2-tailed)	0.000	0.000		0.000	0.000
	N	120	120	120	120	120
Uncertainty Avoidance (UAI)	Pearson Correlation	.361**	.563**	.360**	1	.307**
	Sig. (2-tailed)	0.000	0.000	0.000		0.000
	N	120	120	120	120	120

Operational Performance	Pearson Correlation	.274**	.441**	.313**	.307**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	
	N	120	120	120	120	120

Source: Primary data (2022)

The results illustrate that the correlation coefficient between all the independent variables and operational performance are significant but to varied degrees. Power distance showed a weak positive correlation ($r= 0.274$, $p< 0.05$) thus implying that there exists a weak positive correlation between power distance and operational performance. The results for masculinity and operational performance ($F 0.307$, $p< 0.05$) show that there is a weak positive correlation between the variables. This was followed by individualism and operational performance ($r=0.313$, $p<0.05$) and uncertainty avoidance and operational performance 0.441 , $p<0.05$). These results implied that most aspects of culture play a weak role in influencing the operational performance of SGS Kenya Limited.

4.6.3 Regression Analysis Results

In this study the four cultural dimensions, power distance, individualism, masculinity and uncertainty avoidance were the independent variables and operational performance was the dependent variable. The researcher developed regression equations for each objective and a model equation for the multiple regression model. The multiple regression analysis was used to analyze the relationship between a single dependent variable; operational performance and several independent (predictor) variables at one time.

Table 4.16 Power Distance and Operational Performance

Model Summaryb					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
Power Distance	.274a	0.075	0.072	0.29111	1.641
a. Predictors: (Constant), Power Distance					
b. Dependent Variable: Operational Performance					

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
Power Distance	Regression	2.030	1	2.030	23.949	.000b
	Residual	25.085	296	0.085		
	Total	27.114	297			
a. Dependent Variable: Operational Performance						
b. Predictors: (Constant), Power Distance						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	3.310	0.192		17.202	0.000
	Power Distance	0.221	0.045	0.274	4.894	0.000
a. Dependent Variable: Operational Performance						

Source: Primary data (2022)

The coefficients were used to come up with the following equation:

$$y=3.310+0.221 X_1$$

where:

X_1 is power distance

3.310 is the value of operational performance when the value of power distance is zero. 0.221 is the coefficient of power distance, and that implies that for every unit increase in the value of power distance, the value of operational performance is expected to increase by 0.221 *ceteris paribus*.

Based on the output in Table 4.10 in the section for model summary, R (0.274) shows that power distance has a weak positive correlation with operational performance. Consequently, the coefficient of determination (R- squared) illustrates the extent to which the independent variable power distance explained the variance in the value of operational performance (7.5%).

The second section of table 4.10 shows the output for analysis of variance. The researcher developed two hypotheses: null hypothesis- the results of the regression model are significant while the alternative hypothesis is, the results of the regression models are not significant. In this study, a significance level of < 0.05 was interpreted as significant, otherwise not significant. The p value was 0.000 which is less than 0.05 hence the model is significant.

The third section of table 4.10 presents the independent variable and its intercept as described in the regression model. At 95% , power distance is significant.

Table 4.17 Individualism and Operational Culture

Model Summary^b						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
	.441a	0.195	0.192	0.27160	1.737	
a. Predictors: (Constant), Individualism						
b. Dependent Variable: Operational Performance						
ANOVA^a						
Model	Sum of Squares	Df	Mean Square	F	Sig.	
	Regression	5.279	1	5.279	71.563	.000b
	Residual	21.835	296	0.074		
	Total	27.114	297			
a. Dependent Variable: Operational Performance						
b. Predictors: (Constant), Individualism						
Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	3.198	0.125		25.569	0.000

	Individualism	0.252	0.030	0.441	8.460	0.000
a Dependent Variable: Operational Performance						

Source: Primary data (2022)

The coefficients were used to come up with the following equation:

$$y=3.198+0.2521 X_2$$

where:

X_2 is individualism

3.198 is the value of operational performance when the value of individualism is zero. 0.2521 is the coefficient of individualism, and that implies that for every unit increase in the value of individualism, the value of operational performance is expected to increase by 0.2521 all other factors remaining constant.

Based on the output in table 4.11 in the section for model summary, R (0.441) shows that individualism has a moderate positive correlation with operational performance. Consequently, the coefficient of determination (R- squared) illustrates the extent to which the independent variable individualism explained the variance in the value of operational performance (19.5%).

The second section of table 4.11 shows the output for analysis of variance. The researcher developed two hypotheses: null hypothesis- the results of the regression model are significant while the alternative hypothesis is, the results of the regression models are not significant. In this study, a significance level of < 0.05 was interpreted as significant, otherwise not significant. The p value was 0.000 which is less than 0.05 hence the model is significant.

The third section of table 4.11 presents the independent variable and its intercept as described in the regression model. At 95% level of confidence, individualism is significant.

Table 4.18 Masculinity and Operational Culture

Model Summary ^b						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
	.313a	0.098	0.095	0.28748	1.605	
a. Predictors: (Constant), Masculinity						
b. Dependent Variable: Operational Performance						
ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	2.651	1	2.651	32.080	.000b
	Residual	24.463	296	0.083		
	Total	27.114	297			
a. Dependent Variable: Operational Performance						
b. Predictors: (Constant), Masculinity						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	3.182	0.189		16.829	0.000
	Masculinity	0.246	0.043	0.313	5.664	0.000
a. Dependent Variable: Operational Performance						

Source: Primary data (2022)

The coefficients were used to come up with the following equation:

$$y = 3.182 + 0.246 X_3$$

where:

X_3 is masculinity

3.182 is the value of operational performance when the value of masculinity is zero. 0.246 is the coefficient of masculinity, and that implies that for every unit increase in the value of masculinity, the value of operational performance is expected to increase by 0.246 *ceteris paribus*.

Based on the output in table 4.12 in the section for model summary, R (0.313) shows that masculinity has a weak positive correlation with operational performance. Consequently, the coefficient of determination (R- squared) illustrates the extent to which the independent variable masculinity explained the variance in the value of operational performance (9.8%).

The second section of table 4.12 shows the output for analysis of variance. The researcher developed two hypotheses: null hypothesis- the results of the regression model are significant while the alternative hypothesis is, the results of the regression models are not significant. In this study, a significance level of < 0.05 was interpreted as significant, otherwise not significant. The p value was 0.000 which is less than 0.05 hence the model is significant.

The third section of table 4.12 presents the independent variable and its intercept as described in the regression model. At 95% level of confidence, masculinity is significant.

Table 4.19 Uncertainty Avoidance and Operational Culture

Model Summary ^b						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
	.307a	0.094	0.091	0.28802	1.607	
a. Predictors: (Constant), Uncertainty Avoidance						
b. Dependent Variable: Operational Performance						
ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	2.560	1	2.560	30.862	.000b
	Residual	24.554	296	0.083		
	Total	27.114	297			

a. Dependent Variable: Operational Performance						
b. Predictors: (Constant), Uncertainty Avoidance						
Coefficients^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	3.236	0.183		17.678	0.000
	Uncertainty Avoidance	0.240	0.043	0.307	5.555	0.000
a. Dependent Variable: Operational Performance						

Source: Primary data (2022)

The coefficients were used to come up with the following equation:

$$y = 3.236 + 0.240 X_4$$

where:

X_4 is uncertainty avoidance

3.236 is the value of operational performance when the value of uncertainty avoidance is zero.

0.240 is the coefficient of uncertainty avoidance, and that implies that for every unit increase in the value of uncertainty avoidance, the value of operational performance is expected to increase by 0.240 ceteris paribus.

Based on the output in table 4.13 in the section for model summary, R (0.307) shows that uncertainty avoidance has a weak positive correlation with operational performance. Consequently, the coefficient of determination (R-squared) illustrates the extent to which the independent variable uncertainty avoidance explained the variance in the value of operational performance (9.4%).

The second section of table 4.13 shows the output for analysis of variance. The researcher developed two hypotheses: null hypothesis- the results of the regression model are significant while the alternative hypothesis is, the results of the regression models are not significant. In this study, a significance level of < 0.05 was interpreted as significant, otherwise not significant. The p value was 0.000 which is less than 0.05 hence the model is significant.

The third section of table 4.13 presents the independent variable and its intercept as described in the regression model. At 95% level of confidence, power distance is significant.

Table 4.20 Multiple Regression Model

Model Summary ^b								
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson			
	.481 ^a	0.232	0.221	0.26665	1.704			
a. Predictors (Constant), Power Distance, Individualism, Masculinity, Uncertainty Avoidance								
b. Dependent Variable: Operational Performance								
ANOVA ^a								
Model		Sum of Squares	Df	Mean Square	F	Sig. P value		
	Regression	6.281	4	1.570	22.084	.000 ^b		
	Residual	20.833	293	0.071				
	Total	27.114	297					
a. Dependent Variable: Operational Performance								
b. Predictors (Constant), Power Distance, Individualism, Masculinity, Uncertainty Avoidance								
Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig. Pvalue	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
	(Constant)	2.554	0.230		11.110	0.000		
	Power Distance	0.037	0.048	0.045	0.766	0.445	0.746	1.340
	Individualism	0.200	0.037	0.350	5.349	0.000	0.614	1.629

Masculinity	0.141	0.045	0.179	3.146	0.002	0.812	1.232
Uncertainty Avoidance	0.023	0.050	0.029	0.460	0.646	0.638	1.568

Source: Primary data (2022)

The coefficients were used to come up with the following equation

$$Y = 2.554 + 0.037X_1 + 0.200X_2 + 0.141X_3 + 0.023X_4$$

Where: Y = Operational Performance

X₁ = Power Distance

X₂ = Individualism

X₃ = Masculinity

X₄ = Uncertainty Avoidance

2.554 is the value of operational performance when the value of power distance zero.

0.037 is the coefficient of power distance and it implies that for every unit increase in the value of power distance, the value of operational performance is expected to increase by 0.037, all other factors remaining constant

0.200 is the coefficient of individualism. Every unit increase in the value of individualism, the value of operational performance is expected to increase by 0.200, all other factors remaining constant.

0.141 is the coefficient of masculinity. Every unit increase in the value of masculinity, the value of operational performance is expected to increase by 0.200, all other factors remaining constant.

0.023 is the coefficient of uncertainty avoidance. Every unit increase in the value of uncertainty avoidance, the value of operational performance is expected to increase by 0.200, all other factors remaining constant.

The output in table 4.16, R (0.481) represents a moderate positive correlation between organizational culture and operational performance. (R-Squared) represents the extent to which the independent variables (Power distance, individualism, masculinity and uncertainty avoidance) explained operational performance

4.7 Chapter Summary

This chapter presented and discussed the data analysis findings of the primary data collected with the aim of addressing the research objectives of the study. Descriptive statistics were employed to explain the demographic characteristics of the respondents (employees) drawn from SGS Kenya Limited based in Nairobi and Mombasa, Kenya. In addition, the chapter presented correlation and regression analysis results used to establish the effect of organizational cultural dimensions on operational performance of SGS Kenya limited employees based in Nairobi and Mombasa.



CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This final chapter summarizes the discussions of the research findings, conclusions drawn from the study, the recommendations for further research and the limitations of the study.

5.2 Discussion of the Findings

This section discusses in summary the findings in line with each specific objective of the study.

5.2.1 Effect of Power Distance on Operational Performance of SGS Kenya Limited

The first specific objective of the study was to determine the effect of power distance on operational performance of SGS Kenya Limited. The objective was addressed by both descriptive and regression analyses. The descriptive findings observed that managers rely on formal rules as opposed to personal experience when undertaking their managerial roles. The findings are in line with a study by Nasrudin, (2022) that advanced that the management of a firm's activities is solely anchored on rules, policies and procedures but not based on personal initiatives or experience. In addition, the findings observed that employees are usually comfortable with close supervision and feel that they perform better when under close supervision. This demonstrates a sense of a high power distance index at SGS Kenya Ltd. The findings also agreed with a study by Wei et al., (2017) who observed that employees in high power distance cultures do not resist being closely supervised because it gives them a feeling of being supported by their supervisor. The descriptive results observed that some privileges in the organization are a reserve for management, which is a characteristic of a higher power distance organizational culture, where there are privileges reserved to those who are ranked higher in hierarchy, this finding is also advanced by a study conducted by Opong, (2013).

The findings observed the employees do not participate in key decisions affecting the company. The findings were similar with the findings of a study by Quagraine and Appiah (2019) who observed that employees in Ghana are not usually involved in the firm's decision-making process,

even though employee involvement in the decision-making process leads to effective decision implementation and the enhancement of innovation that consequently boosts performance. Similarly, another study by Oppong, (2013) also observed that employees in organizations within the African context do not participate in decision making, and that they expect to be told what to do. The regression results observed that a high-power distance index significantly boosts the operational performance of SGS Kenya limited; managers relying on formal rules and staff members being comfortable with close supervision will considerably enhance both customer-oriented and employee-oriented performance of SGS Kenya ltd.

The findings showed that a high PDI characterized by authoritarian leadership is not detrimental to employee's performance, which is also seen in the research by Wang and Guan, (2018) who concluded that a higher power distance encouraged employee performance, through specific goal setting by senior management. A high PDI through specific goal-setting fosters high standards and high expectations of the team (Wang & Guan, 2018). The findings of the study also concurred with Mulki et al., (2015) who observed that a high PDI had a positive effect on operational performance, specifically with reference to the efficiency of the sales team. This was due to the employee's psychological perception that a paternalistic leadership style would positively affect their job performance. Though high PDI in an organization poses a challenge for individuals who score a low PDI because their performance would be negatively affected by an authoritarian leader due to lack of inherent psychological dependence on the authoritarian leader (Wang & Guan, 2018).

According to the contingency theory, the style of management and leadership is one of the contingencies that determine an organization's performance (Match,2015). The management of an organization apply the best management approach to ensure that they achieve maximum level s of performance (Match,2015). This agrees to the findings of the study in that an authoritarian style of management is applied in SGS Kenya which encourages performance. The authoritarian style of leadership is seen by the high-power distance in SGS Kenya. According to Hofstede,(2011) organizations that thrive in a high power distance environment are based in countries where the national culture scores a high power distance

5.2.2 Effect of Uncertainty Avoidance on Operational Performance of SGS Kenya Limited

The second specific objective of the study was to establish the effect of uncertainty avoidance on operational performance of SGS Kenya Limited. The objective was addressed by both descriptive and regression analyses. The descriptive findings observed that there are strict rules regarding dressing codes, routines, reporting time, and code of conduct in the organization. The findings showed a high uncertainty avoidance in SGS Kenya ltd whereby formal rules are established to be strictly adhered to leaving no room for deviant behaviors or ideas. similarly, a study conducted by Liu et al.,2021 advanced that organizations with a high uncertainty avoidance reported strict adherence to policies and rules.

In addition, the findings observed that the employees were able to quickly adapt the organization's systems to meet customer requirements without lengthy approvals. This level of agility and adaptation to system changes to meet customer needs was observed in a study by Doering et al., (2019) where organizations with effective supply chains also reported a high uncertainty avoidance index. The regression analysis results observed that uncertainty avoidance did not have a considerable impact on the operational performance of SGS Kenya limited. The findings concluded that employee activities being strictly guided by organizational rules regarding code of conduct did not considerably boost the customer-oriented and employee-oriented performance of SGS Kenya ltd. The findings are in line with the theory advanced by Hofstede, (2011) that high uncertainty avoidance is characterized by the presence of strict rules and regulations. On the other hand, the contingency theory advances that aligning the best leadership techniques to a specific situation is encouraged to maximize the performance of an organization (Match, 2015) In the case of SGS Kenya however, strict rules and regulations and procedures have no effect on the performance of the organization.

5.2.3 Effect of Masculinity on Operational Performance of SGS Kenya Limited

The third specific objective of the study was to determine the effect of masculinity on operational performance of SGS Kenya Limited. The objective was addressed by both descriptive and regression analyses. The descriptive findings showed that men made decisions based on logic and women made decisions based on emotion. Moreover, the findings showed that employees were encouraged to be competitive, firm and aggressive. These are indicators of a high masculinity

index which concur with a study by Darley and Blankson, (2008) that advanced that high aggression and assertiveness a characteristic of organizations with a high masculinity index. Additionally, the findings also showed that there are jobs that only men can do better than women and that there are less women in top management which is another characteristic of an organization with a high masculinity index according to Hofstede, (2011). The findings indicated a high level of masculinity at SGS Kenya Limited which agreed with Hofstede, (2011) who noted that organizations that score a high MAS index value are characterized by assertiveness, competitiveness and aggression. The regression analysis showed that masculinity significantly increased the operational performance of SGS Kenya limited. The findings advanced that a high level of masculinity that involved men making decisions logically concerning the firm's operations and all of the firm's employees including women being encouraged to be competitive, firm and aggressive significantly boosts customer-oriented and employee performance of SGS Kenya ltd. The findings of the study agreed with Hofstede (2011) that organizations that score a high MAS index value are characterized by assertiveness, competitiveness and aggression, which consequently boosts performance, because there is a high sense of goal orientation.

5.2.4 Effect of Individualism on Operational Performance of SGS Kenya Limited

The fourth specific objective of the study was to determine the effect of individualism on operational performance of SGS Kenya Limited. The objective was addressed by both descriptive and regression analyses. The findings observed that employees do not share all aspects of their personal lives with each other. Team activities such as team building, and staff parties are not regularly organized and encouraged. The findings also observed that employees do not sacrifice their personal goals for team goals. These findings are a characteristic of an organization that scores high on the individualism index, where according to a study by Brown et al., (2021) employees in organizations with a high individualism index rarely get together after work, and separate their personal lives from their work life; it was seen that work colleagues do not often get together after work. Finally, it was observed that group welfare is not very important as individual rewards. The findings show that there is a high level of individualism in SGS Kenya ltd. Individualism permits employees to conceive their own ways of doing their jobs which interestingly boosts creativity and improved performance (O'Neill et al.,2016). The regression analysis results observed that individualism significantly increases the operational performance of

SGS Kenya limited. The findings of the study agreed with Minkov and Kaasa (2020) who advanced that the performance of employees depended on the task alignment with their individual goals, which affected the overall performance of an organization.

5.3 Conclusion

In line with the first specific objective of the study it can be concluded that a high-power distance index significantly boosts the operational performance of SGS Kenya limited. This meant that managers relying on formal rules and staff members being comfortable with close supervision will considerably enhance both customer-oriented and employee-oriented performance of SGS Kenya Limited. This however contradicts with the findings of a study conducted by Duran et al., (2017) in another subsidiary based in the United States of America, where a high power distance had a negative effect on operational performance of the subsidiary. Similarly, another study by Siddique et al.,(2020) advanced that employees who perceived their supervisors as authoritative showed low job satisfaction and poor performance. This means therefore that the managers' leadership style is contingent to the performance of an organization and one style of leadership does not fit all, and does not guarantee a firms' success, according to the contingency theory (Match, 2015).

The second specific objective of the study concluded that uncertainty avoidance does not have any considerable impact on the operational performance of SGS Kenya limited. This means that employee activities being strictly guided by organizational rules regarding code of conduct does not considerably boost the operational performance of SGS Kenya Limited. In fact, another study Urgin et al., (2018) supports this conclusion where cyberloafing activities were still reported even though the organization being studied had strict rules and policies in place. This concludes that the presence of strict rules and policies in an organization do not affect the operational performance of an organization.

The third specific objective of the study concluded that masculinity significantly increases the operational performance of SGS Kenya limited. This advances that a high level of masculinity involving men making decisions logically concerning the firm's operations and all of the firm's employees including women being encouraged to be competitive, firm and aggressive significantly boosts customer-oriented and employee performance of SGS Kenya ltd. This conclusion is similar

to a study conducted by Gannouni and Lalao, (2019) where the individuals that perceived themselves to be more aggressive and competitive believed that their performance at a job is better because they possess these traits that are associated with masculinity. Similarly, work characteristics that leaned more on goal orientation and a high salary expectation and competitiveness were prevalent in organizations that scored a high masculinity index, which led to higher performance levels (Minkov & Kaasa, 2020).

Finally, with respect to the fourth specific objective of the study, it can be concluded that individualism significantly increases the operational performance of SGS Kenya limited. This means that the performance of employees depends on their alignment with their individual goals, which affects the overall performance of an organization. Individualism permits employees to conceive their own ways of doing their jobs which boosts creativity and improve performance. Similarly, a study conducted by Brown et al., (2021) concluded that individualism encouraged a work life balance in organizations because the employees make decisions about work that are aligned with their individual goals, and not team goals. On the other hand, Darley and Blankson, (2008) advanced that organizations operating in Africa report a low individualism index, and that management style must be a reflection of this aspect specifically when setting up operations in Africa.

5.4 Implications of Research

Stakeholders can derive various inferences from the study findings and use them in executing action plans depending on their areas of need.

The management of other subsidiaries will benefit from the study by identifying the instances of various practices in organizations and classifying individual actions of management and employees guided by the potential influence derived from the study. Analyzing these traits is the first step to managing teams effectively in instances where activities such as recruitment, on-boarding, performance management and innovation are being carried out by the subsidiary.

The study findings will also inform organizational policy development surrounding issues such as compliance, customer engagement, and employee development. This study found that a high-power distance significantly boosts employee performance in areas of customer engagement and

commitment to the organization, whereby employees prefer to be closely monitored while performing their tasks, and perform better when goals are clearly set and progress in achieving these goals is closely monitored.

This study contributes to Hofstede's (2011) organizational cultural dimensions by expanding the knowledge of the effects of power distance index, uncertainty avoidance, masculinity and individualism on operational performance in the context of SGS Kenya Ltd. The key contribution lies in creating an understanding of the various dimensions of organizational culture and the possible effect of each cultural dimension on organizational outcomes as well as highlighting areas for further study in cases where findings contradicted the findings of other scholars therefore arousing debates. This study has filled contextual gaps that arose in the empirical review by focusing on a subsidiary in the TIC industry, in a developing country.

5.5 Study Limitations and Suggestions for Further Research

The study recommends further research on the effect of LTO and IVR, in addition to the initial four cultural dimensions that have been studied, on the operational performance of other subsidiaries in the TIC industry since this study only focused on one subsidiary. The study also recommends further investigation on the potential of existing moderating variables when studying the influence of organizational culture and operational performance variables such as marketing capabilities, market orientation, as well as the financial performance measures.

Besides that, this study was focused in the private sector, future researchers are recommended to carry out studies establishing the effects of power distance index, uncertainty avoidance, masculinity and individualism on operational performance in the contexts of the Kenyan public sector and the NGO industry.

The study was carried out with limitations, one being corporate culture was conceptualized based on the dimensions posited by Hofstede, (2011) that is power distance, masculinity, uncertainty avoidance and individualism. There are other classifications of culture posited by Deshpande, Farley and Webster (1993) that is market, adhocracy, bureaucratic and consensual culture which approach organizational culture from a different perspective. The findings of the study were therefore based on the Hofstede's cultural dimensions.

The study was also limited by the measurement of operational performance to two broad categories metrics, employee-oriented measures and customer-oriented measures. There are other financial measures of performance that have been used by other scholars to determine the performance of organizations.

The response rate was affected by the prevailing working from home arrangement as a result of the COVID-19 pandemic which limited the researcher's interaction with the respondents and also slowed down the speed of obtaining responses.

5.7 Chapter Summary

This final chapter summarized the discussions of the research findings, conclusions drawn from the study, the recommendations for further research and the limitations of the study.



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APPENDIX 1:
INTRODUCTORY LETTER

Daisy Odhiambo

Strathmore University,

Strathmore Business School

P.O. Box 59857 – 00200,
Nairobi.

Dear Respondent,

RE: REQUEST FOR COLLECTION OF RESEARCH DATA.

I am a Master's student at Strathmore University – Strathmore Business School. I'm pursuing a Master of Commerce Degree with a specialization in Strategic Management.

I am currently conducting research on **The Effect of Organizational culture on Operational Performance of firms in Kenya- A case of SGS Kenya Limited.** This research is in partial fulfillment of the award of the Master's Degree. I humbly request your participation in this study.

I would like to assure you that **all the information shared in this study will be kept confidential and used solely for the purposes of this research.** It is in this regard that I request you not to indicate your name in the questionnaire. Your participation in this study will be fully appreciated

Yours sincerely,



Daisy Odhiambo

APPENDIX 2 QUESTIONNAIRE

This questionnaire is designed for purposes of collecting data for a research study on the Influence of Organizational culture on Operational Performance of Multinationals in the Testing Inspection and Certification industries in Kenya; A case of SGS Kenya Limited. You are kindly requested to fill it with a tick (✓) or explanation where necessary.

All responses provided will be strictly confidential and will be used for academic purposes only. Your participation will be highly appreciated

SECTION A; BACKGROUND INFORMATION

1. Gender

Male

Female

2. Age

25 years & below

26- 30 years

31-35years

36-40 years

41-45years

46-50years

51-55 years

56-60years

61 years and above

3. Highest Level of Education

Diploma

Degree

Master

Others (Specify)

3. Department

Connectivity & Products

Finance In Country

Finance Hub

Human Resource & Admin

Health & Nutrition

Industries & Environment

Knowledge

Information Technology

Multi-Lab

Natural Resources

Operational Integrity

4. Level

Management

Operations

5. Work Station



Nairobi



Mombasa

6. . How Long have you worked in SGS?



0-1year



2-5years



6-9 years



10years or More

SECTION B; ORGARNIZATIONAL CULTURE

In this section you will be assessing the following statements on the indicators of cultural dimensions

Please tick a number from (√) 1 to 5 using the scale below where applicable:

	Power Distance	1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
7	Staff members are encouraged to openly offer differing opinions with their manages regarding work					
8	Staff members participate in key decisions affecting the company					
9	Managers closely supervise their staff					
10	Staff members are encouraged to talk to their managers about personal matters					
11	Lines of communication are open between management and other staff					
12	Staff members obey their managers without question					
13	Some privileges are a reserve for management					
14	Staff members are comfortable with close supervision and feel that they perform better when under close supervision					
15	Managers rely on formal rules as opposed to personal experience when undertaking their managerial roles					
	Individualism	1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree

16	Individuals sacrifice personal goals for team goals					
17	Colleagues share all aspects of their personal lives with each other					
18	It is common for colleagues to get together after work					
19	Team activities such as team building, and staff parties are regularly organized and encouraged					
20	Group welfare is more important than individual rewards					
	Masculinity	1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
21	Top performing employees are regularly rewarded					
22	We are encouraged to be competitive, firm and aggressive.					
23	There are more women in top management positions					
24	We are encouraged to be modest and foster good relationships among each other.					
25	Employees change jobs frequently to better paying jobs					
	We prefer job security to better pay					
26	There are jobs that only men can do better than women					
27	Men make decisions based on logic and women make decisions based on emotion					
	Uncertainty Avoidance	1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
28	Our company is a very controlled and structured place. Formal procedures generally govern what people do.					
29	New ways of performing tasks are encouraged					

30	Slight deviations from the policies and rules have negative consequences					
31	We are able to quickly adapt our systems to meet customer requirements without lengthy approvals.					
32	Our company frequently launches new services tailored to the Kenyan market					
33	There are strict rules regarding dressing codes, routines, reporting time, and code of conduct					

SECTION C; OPERATIONAL PERFORMANCE

In this section you will be assessing the following statements on the indicators of operational performance

Please tick a number from (√) 1 to 5 using the scale below where applicable:

	Customer Oriented Performance Measures	1 Strongly Disagree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
34	We always adhere to a short turnaround time for our services.					
35	Our company regularly tracks the customer complaint resolution duration.					
36	We are regularly trained on appropriate customer handling practices.					
37	We regularly conduct customer surveys to gather feedback					
38	Customer feedback is regularly obtained, reviewed, and acted on.					
39	Our company's top managers from the headquarters regularly interact with current and prospective customers at least once a year.					
40	Our services are readily available, affordable, and accessible to customers					
41	We have loyalty plans to regularly recognize and reward loyal customers					

	Employee Oriented Measures	1 Strongly Agree	2 Disagree	3 Neutral	4 Agree	5 Strongly Agree
42	I complete all tasks related to my work in a timely manner					
43	I am committed to working past official working hours					
44	I am always present for work and rarely report cases of absenteeism					
45	I am committed to meeting the objectives set by the company					
46	I have all necessary information and tools to perform my duties					
47	I am committed to excellence through continuous improvement in all activities to increase value for our customers					
48	I have witnessed a high a staff turnover rate in the past year					
49	My skills and abilities are utilized effectively by the company					

Thank you for your participation.

VT OMNES VNVM SINT

APPENDIX 3

RESEARCH LICENSE



REPUBLIC OF KENYA



NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No: 826253

Date of Issue: 13/July/2022

RESEARCH LICENSE



This is to Certify that Miss.. Daisy Odhiambo of Strathmore University, has been licensed to conduct research in Mombasa, Nairobi on the topic: The effect of organizational culture on operational performance of subsidiaries in the testing inspection and certification industry; A case of SGS Kenya Limited for the period ending : 13/July/2023.

License No: NACOSTI/P/22/18669

826253

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Verification QR Code



NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

APPENDIX 4

ETHICS APPROVAL LETTER



8th July 2022

Ms Odhiambo Daisy,
daisy.odhiambo@strathmore.edu

Dear Ms Odhiambo,

RE The Effect of Organizational Culture on Operational Performance of Subsidiaries in the Testing Inspection and Certification Industry: A Case of SGS Kenya Limited

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU Masters'** research proposal. Your application reference number is SU-ISERC1389/22. The approval period is **8th July 2022 to 7th July 2023**.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including (informed consents, study instruments, MTA) will be used
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 48 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 48 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days upon completion of the study to SU-ISERC.

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

for: **Dr Ben Ngoye,**
Secretary; SU-ISERC

Cc: Prof Fred Were,
Chairperson; SU-ISERC



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