



2nd RESEARCH CONFERENCE ON **ACCOUNTANCY**

Theme:

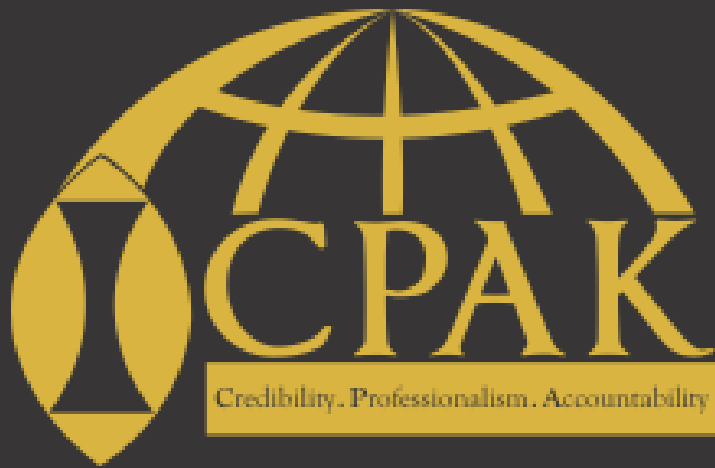
**BUILDING A RESILIENT ACCOUNTANCY PROFESSION
AND ECONOMY IN A DISRUPTIVE ENVIRONMENT**

DATES

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**Kenya School of
Government - Nairobi**



ENTREPRENEURSHIP, TECHNOLOGY AND INNOVATION

RELATIONSHIP BETWEEN ORGANIZATION CULTURE AND COMPETITIVE ADVANTAGE IN TELKOM
KENYA LIMITED

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OUTLINE



• BACKGROUND

- Telkom Kenya is a telecommunications service provider in Kenya. It has been in Telecommunication industry since 1999 yet its productivity level is low going by the number of subscribers who stood at 3,559,243 as at June 2019 and its market share which was 16% as at March 2020. Therefore, the study sought to understand why the low performance despite having been in the telecommunications industry for such a long time. This paper will focus on, establishing the relationship between organizational culture and competitive advantage in Telkom Kenya. It specifically focused on whether Telkom Kenya employs participatory leadership and whether the organization conducts periodic performance audits.
- The study was based on: Michael Porter's theory of competitive advantage and the IS theory of organization culture. Case study research design was used. The target population was Telkom Kenya regional management. Stratified Random sampling was used to get the sample population. The sample size was determined using the Kent and Myers (2008) formula. A sample size of 105 was used in the study. Data collection was done using questionnaires. The descriptive statistics were analyzed using SPSS package and were presented in the form of tables while inferential statistics were analyzed using regression analysis. The findings showed that Telkom Kenya do not engage in participatory leadership style in their organization and also there are no periodic departmental performance audits being conducted. This led to the conclusion that Telkom's leadership style and control systems may not be very strong.. It is therefore recommended that Telkom Kenya considers relooking into and putting more emphasis on their control systems and leadership styles. It is also recommended that ICPAK, being a national accountancy profession regulator, could come in and help unearth the cause of the gaps in Telkom's competitiveness since Telkom is a government entity.

PROBLEM STATEMENT



Nowadays, pressure on competition has increased and it is becoming difficult not only to achieve market leadership, but also to remain relevant in the market. New competitors, products and services are emerging with tremendous speed characterized by intense competition which has led to companies running towards gaining and maintaining a competitive advantage. In order to succeed, companies cultivate a culture oriented organization that is capable of ensuring a long-term growth of the company. One of the most important reasons that explain the interest in organizational culture is the assumption that certain organizational cultures lead to an increase in organizational competitiveness (Ahmed and Shafiq 2014). According to Robinson, (2007) a high performance culture is key to the success and competitiveness of businesses. It leads to a self driven work force and consistently high quality performance by employees. A corporate culture should be in line with an organization's goals. A high performance culture in an organization impacts positively on an organization's performance and hence its competitive advantage. Furthermore, different companies are inclined to different cultures and this drives their competitive advantage.

It is important to understand the factors that lead to competitive advantage of a firm in achieving its goal. Irrespective of the type of industry, organizations encounters challenges which may affect the competitive position of a firm. In Kenya, the telecommunication industry do also face competitive challenges from other players in the same industry. These challenges include; political anxieties, technological advancements, new entrants into the market, social amendment and globalization that affect the industry players' competitive advantage (CAK, annual report, 2015-2016). Telkom Kenya limited has been in the telecommunication industry since 1999 having been hived off from the then Kenya posts and Telecommunication Company, yet its productivity level is low in terms of the number of subscribers and the market share. Despite the fact that it provides a variety of services including internet, money transfer, telecommunication dealers, mobile phone accessories and other services, it has not been able to compete favourably. Having started as a government owned entity, it is expected that it has access to enough resources and that government policies were meant to help its growth and sustainability. New entrants like Safaricom have however overtaken it and perform better. If its performance is not enhanced, it would lead to decreased government revenue and reduced job opportunities for the citizens.

Despite the essence of culture as a driver of competitive advantage in organizations, there is scant empirical evidence on organization culture and its influence on competitive advantage that relates to competitive advantage in the telecommunication industry with a focus on Telkom Company. Furthermore, despite the literature on organizational culture and competitive

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Advantage, there are situations where organization have been forced to tighten their control systems in order to comply with increased external regulations and its competitiveness (Weibel, et.al. 2016. Hence the study therefore purposed to fill this gap by establishing whether there is a relationship between organizational culture and competitive advantage,

OBJECTIVES

1. The general objective of the study was to establish the relationship between organizational culture and competitive advantage in Telkom Kenya.

The specific objectives included:

1. assessing the relationship between leadership style and competitive advantage in Telkom Kenya,
2. establishing the relationship between the control system and competitive advantage in Telkom Kenya

FINDINGS

- **Leadership Style and Competitive Advantage**

This study discovered that according to 38.1% of respondents, it was not very clear whether the company employed participatory leadership. However, 43.3% agreed that there was a cordial relationship between the management and the employees. And 38.1% had mixed reactions on whether top level management allowed employee participation in decision making in their area of work. 44.8% however agreed that there are clear guidelines for conflict resolution in the organization and 41.9% agreed that the management are effective role models to the rest of the employees. This is in line with Serfontein,(2010) who pointed out that strategic leadership played an important function in the shaping of strategic direction and this improves the competitive advantage of the firm.

- **Control Systems and Competitive Advantage**

According to the results of this study, 51.43% of the respondents disagreed with the suggestion that there is periodic audit of departmental performance. 41.95% of them were not sure whether performance appraisal is accompanied by rewards which motivate employees. 45.7% were also not sure whether periodic financial audits encouraged prudent utilization of resources. However, 41% agreed that there is a vibrant customer feedback department. But 37.1% of them disagreed with the suggestion that departments often benchmark with similar departments in leading organizations. This disagrees with (Sitkin.et.al,2010) who said that the aim of control is ensuring that employees are given information that is relevant to their standards and correct their morals in order to enhance effective performance. This, therefore, is an indicator that the company does not have strong control systems.

CONCLUSION

- It can be concluded, from the above findings, that there are gaps in the performance of Telkom Kenya and as such, apart from the strategies currently in place to ensure competitiveness is achieved, a little more intervention is necessary. This findings are important to the management of Telkom Kenya. It can help the top management in their decision making. They are also important to the government policy makers since they can have a glimpse of what could be ailing Telkom Kenya and as such incorporate policies that can help improve its performance. This is important since it could improve the revenue collected by Kenya Revenue Authority and by extension, the country's economy. Profession regulatory bodies like ICPAK will also find this information important since it could trigger them into wanting to find out any possible gaps in their regulatory role.

END

- THANK YOU