

**QUALITY MANAGEMENT PARADIGM AND PERFORMANCE IN
AUTO INDUSTRY IN KENYA**

BY

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This research project is submitted in partial fulfilment of the requirements for the award of degree of Master of Business Administration of the University of Nairobi.

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DECLARATION

I hereby declare that this research project is my own work and effort, and that it has not been submitted anywhere for any award. Where I have taken ideas and or wording from another source, they have been explicitly acknowledged in the text.

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DEDICATION

I dedicate this project to my wife Khatonde and our son Liselo and daughter Saabuni as well as my parents, brothers and sisters who supported and encouraged me throughout my studies.

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ABSTRACT

By aligning corporate beliefs relating to quality, measurement, product positioning, product design and key stakeholder with customer needs and expectations, an organization is expected to accrue improvement in key performance indicators, namely productivity, quality performance, cost effectiveness, timeliness and flexibility in its products and services offered. This study sought to investigate quality management paradigm and its effect on performance in auto industry in Kenya. By use of structured questionnaires, the study sought to determine managerial Paradigms in operation in organizations studied and corresponding productivity and quality performance. The study adopted a descriptive research design in which a census was done on all the twelve organizations dealing in new vehicle sales and after sales offers in Kenya. Stratified random sampling was used in this study to select members of strategic management teams of these organizations for the survey. Using primary data collected, the study employed descriptive statistics to analyze the data obtained. Tabulation of data and use of pie charts was used in the analysis. Correlation was then used to identify relationships between inherent paradigm indicators and corresponding level of organizational performance as measured by performance dimensions. From the study, it was observed that the auto industry in Kenya is dominated by local franchises of multinational organizations, majority of whom subscribe to Quality Management Paradigm. From the correlation analysis done, it was evident that organizational performance, as measured by productivity, quality performance, cost effectiveness, timeliness and flexibility is highly and positive correlated with managerial paradigm, going by the high correlation coefficients. Organizations that subscribe to Quality Management Paradigm were observed to accrue optimum productivity and quality performance compared to those that subscribe to Traditional Paradigm. The study concludes with recommendations for future studies.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

A paradigm is a set of beliefs that are used to set boundaries and focus problem solving within an organization (Sankey, 1997). It is the center of the organization's culture centered on beliefs, myths, and values that guide behavior of people in the organization. It constitutes the organization's generally held and unquestioned assumptions. A paradigm can be looked at as organizational realities formed by the values, beliefs, traditional practices, methods and tools constructed by members of a social group to integrate the thoughts and actions of the group's members. At the corporate level, the beliefs, myths and values that guide behavior of people through the organization constitute a corporate culture that defines the paradigm in which the organization operates. A paradigm is what members of a management team, and they alone, share (Kuhn, 1962).

Changes in management environment have seen questions asked prompted by conditions where old ideas no longer seem to hold (Nicholas and Nitin, 2007). Equally, Solutions are sought to address situations where deeply held management assumptions are challenged by unexpected events both from customers and competition. A paradigm shift is a change in the basic assumptions, within the ruling theory of management (Sankey, 1997). Traditional paradigm is based on classical and contingency theories informed by the situational demands of the 20th century. These theories emerged in the context of emerging markets where people still lived in isolation. Production was crafts-like with limited information flow and abundance of unexploited raw materials.

In traditional paradigm, quality is viewed as meeting specification rather than as a component of value created for the customer. It is designed to be inspected in to the product

rather than being managed in to the process of creating the product. Internal measures of quality, productivity; cost and profitability are not linked to the value created for the customer. Product positioning is focused on competition rather than customer segments. Changes in management environment have see questions being asked prompted by changes in questions and problems facing organizations. Such contrasts can be seen between traditional management and modern management that is based on whole system approach and customer focus. The latter has been described as the Quality Management Paradigm.

1.1.1 Quality Management Paradigm

Quality Management paradigm is premised on whole systems approach and customer value. The introduction of customer and consequent emphasis on continuous improvement in management is one aspect that distinguishes Quality Management paradigm from the traditional paradigm that is informed by classical, human relations, systems and contingency theories (Lysons & Farrington, 2006). In Quality Management paradigm, all resources, technical, administrative and social, are deployed in a coordinated and integrated system. Indicators of QM paradigm that influence performance of organizations are Quality, Measurement, Product positioning, Product design and Key stakeholder. Dimensions of organizational performance are productivity, quality perception, cost effectiveness, timeliness and flexibility. In customer focused management paradigm, quality is viewed as one component of the value created for the customer. It is managed in to the process of making the product or service and is seen as synergistic with cost and delivery.

Measures of quality, productivity and costs are linked to customer satisfaction. Organizations emphasize both financial as well as nonfinancial measures of quality. Nonfinancial measures are not directly linked to bottom-line performance but they indicate and direct attention to the specific areas that need improvement to improve overall competitiveness of a company.

Product positioning is focused on customer segments and what their target customers value and why. For example, the target clientele may focus on speed because they want to minimize inventory costs with a just-in-time inventory system.

Product Design process is externally focused, incorporating the needs of customers. In order to achieve design quality and defect prevention, quality is built into products and services and into the processes that produce them. Continuous improvement is the cornerstone of Quality Management paradigm. It recognizes that the needs of a customer are continuously changing, and so is the environment. Proactive to opportunities, it is unending process that focuses on broader systems within the customer value chain.

In Quality Management paradigm, Customer is the Key Stakeholder. Employees work together to achieve quality and productivity objectives so that the product or service meets customer satisfaction (Ishikawa 1956).

Education plays a big role in shaping beliefs about fundamental entities of the business, how the interaction between these entities takes place, inherent opportunities and threats and the techniques that should be employed in seeking solutions to the threats. Education is also used to prepare managers for professional practices in line with paradigm's values, practices and assumptions.

The style element is shaped by the culture and the management style. In this paradigm, culture is 'what the customer needs and wants' as opposed to focusing on what one knows and is good at. Emphasis is on commitment as opposed to control, and command is tempered with consensus decision-making. Focus shifts from tasks to customer-oriented processes. Commitment to positive leadership and continuous improvement in all the activities in the customer supply-chain is encouraged. In this paradigm, all employees are recognized as key contributors to quality process.

Through prudent results measurements, score keeping and enabling style of management, performance is rewarded and achievement recognized through a well structured performance appraisal process. Symbols are concerned with reward and recognition process

in the organization. Symbols provide focus and identity and reflect the values and the worth the organization places on its people.

1.1.2 Performance of Organizations

Paradigms have been credited with changed management styles, organizational structures, systems and skills. Objective of top management in any organization is to maximize their operational efficiency by all possible means in order to maintain their competitive advantage and survive in the market. Dimensions of performance of organizations are productivity, quality perception, cost effectiveness, timeliness and flexibility. Organizations operating in quality management paradigm have their technical, administrative and social resources deployed in a coordinated and integrated system to optimize on effectiveness and efficiency of their processes for maximum productivity and timeliness. Quality managed in to processes of making products and services reduces costs throughout the organization especially in the areas of scrap, rework, inspection, field service and warranty costs. This results in cost efficiency and positive quality perception for products and services offered by the organization.

In customer focused management paradigm, external measures of quality, productivity and cost are linked to customer satisfaction. Organizations emphasize both financial as well as nonfinancial measures. Nonfinancial measures are not directly linked to bottom-line performance but they indicate and direct attention to the specific areas that need improvement to improve overall competitiveness of a company. Nonfinancial measures of quality are tracked continuously as a basis for continuous improvement. Customer Satisfaction Index (CSI) surveys, field product performance reports and customer feedback summaries are all measures focused on customer satisfaction. These feedback tools create

positive quality perception for products and services offered by the organization resulting in customer brand loyalty.

Internal measures of quality are linked to value created for the customer. Flexibility is attained through Product positioning which is proactive to opportunities in the market. The process creates value to customers through new and improved products and develops variety of product and service models for different market segments.

1.1.3 Auto Industry in Kenya

Road transport is the leading form of transportation in Kenya. It is estimated that roads carry 93 per cent of all passenger and cargo traffic in the country (www.krb.go.ke/index.php/classification). By the end of 2010 there were a total of 1.4 million registered motor vehicles in the country, made up of buses, lorries, motor cars, pick-ups, trailers and motor cycles (Statistical Abstract 2011).

Currently there are a dozen new vehicle dealers operating in the country with five of them controlling more than 80% of the new vehicle market (*Kenya Motor Industry Association (KMI) report of 2012*). The five major dealers include Toyota (Kenya), Cooper Motor Corporation, General Motors (EA), Simba Colt and D T Dobie.

Increasing customer demands and expectations coupled with stiff competition has seen industry players develop strategies and measures geared towards winning and retaining market share. The companies have become more innovative by focusing on establishing local assembling of commercial vehicles and expanding their operations beyond borders.

Motor vehicle sales in Kenya can be divided into two main categories; new vehicle sales from established motor dealers with a majority holding local franchises for international vehicle manufacturers and specialize in the sale of a few selected vehicle brands and after-sales offers (parts and service), and second hand car sales from sellers who operate in a more informal environment and sell a wide variety of vehicle brands depending on their popularity in the market. The industry is characterized with low entry barriers, threat of substitutes from second hand dealers and high rivalry among players.

To remain competitive in the market, dealers have had to formulate strategies structured to achieve quality and cost efficiency both for their products and service offers. Over the past three decades, the new vehicle industry in Kenya has had a turbulent history. According to *Kenya Motor Industry* (KMI) association, the representative body of the corporate participants in the motor industry, new vehicle dealers sold 14,570 vehicles in the period 2011 – 2012, compared to 44,640 second hand vehicles sold within the same period. Taking advantage of low barriers to entry and low government regulation, the used car sector has grown to command more than 75 per cent of total annual car sales in Kenya (KMI data and Statistical Abstract 2011). In contrast to the rapid growth of the used car sector, Kenya's total new vehicle sales have increased much more slowly over the same period. The high prices of new cars relative to the majority of Kenyans' incomes means that new car dealers are forced to rely heavily on corporate car buyers, the government and high net worth individuals for most of their sales.

The past decade has seen a steady rise in the total number of motor vehicles imported into and sold in Kenya, driven by a growing population, rising incomes, faster economic growth and greater access to credit from the banking sector to finance car purchases. This sales growth has been accompanied by greater choice for motor vehicle buyers, with a wider

variety of vehicle makes and models available for purchase from both new and second hand car dealers.

1.1.4 Problem Statement

When an organization undergoes change in paradigm it results in changes in its performance. By aligning corporate beliefs relating to Quality, Measurement, Product positioning, Product design and Key stakeholder with customer needs and expectations, an organization will accrue improvement in key performance indicators (KPIs), namely Productivity, Quality perception, Cost effectiveness, timeliness and flexibility in its products and services offered. Adoption of QM Paradigm has attracted increasing attention by business organizations in the recent past. The paradigm has much to offer automotive industry where scarce resources, market agility and closeness to customer condition performance of the firm (Wiele and Brown, 2001).

The auto industry in Kenya is experiencing challenges mainly attributed to high training costs of developing employees to acquire required organizational skills, barriers in corporate culture and management style that still focuses on ‘what we are good at’ instead of ‘what the customer wants’, stiff competition in the market and low Government regulation. Most researchers believe QM paradigm has a lot to offer the auto industry in Kenya as it helps firms maximize their effectiveness and efficiency in order to maintain competitive advantage and grow market share.

Several studies have been done on Managerial paradigm and its effect on performance of organizations. A study by Webner et al., (1987) observed that manufacturing companies in the German state of Bavaria achieved vintage product positioning through integration of

concepts of QM paradigm in their strategy formulation. 92 per cent of companies surveyed were observed to have attained their performance KPI targets for the year 1986.

Kainz et al., (1996) conducted a study on factors affecting growth of auto mobile industry in Sweden. The research established that Competitive pressures, particularly from overseas manufacturers, along with the advent of information technologies and new management techniques prompted both Volvo and Scania to adopt dramatic changes in automotive design and manufacturing processes that eventually helped achieve improved productivity and cost efficiency. By adopting QM paradigm concepts, concurrent engineering, and lean-production techniques, the study observed that the two companies managed to grow their export markets by 5.5 per cent and 6.3 per cent respectively in a span of five years.

Above studies were conducted in developed economies that have well established manufacturing industry. The studies don't adequately address the dynamics influencing the auto industry performance in Kenya where major players are dealers holding local franchises from international vehicle manufacturers and specialize mainly in vehicle sales and after-sales offers (parts and service). To bridge this gap, this study has focused on Managerial Paradigm and its effect on performance in auto industry in Kenya. The study sought to answer the following research questions; what are the Managerial Paradigms operating in auto industry in Kenya? What is the relationship between type of managerial paradigm in an organization and the organization's performance?

1.1.5 Research Objectives

To answer the research questions above, the following research objectives were achieved;

1. Determining Managerial Paradigms in the auto industry in Kenya.
2. Determining relationship between Managerial Paradigms in operation and productivity and quality

1.1.6 Value of the Study

The findings from the study are useful to the management team in auto industry as they provide an insight in relationship between managerial paradigm and corresponding organizational performance. They also provide useful reference document to stake holders in the auto industry in developing strategic business plans..

Scholars, students and other researchers can also find the study helpful to identify further areas of research built on the findings of this research. The study is a source of reference material for future researchers on other related topics; it can also help other academicians who undertake the same topic in their studies. It also highlights other important relationships within the paradigm in the auto industry that may require further research.

Decision makers in other industries can also find this study useful as benefits accruing from quality management paradigm concepts can be applied in other industries to boost performance. This study is informative to the government and other stakeholders both in the private and public sectors in formulating management policies to guide in allocation of funds and resources required for successful implementation of quality management Standards.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This literature review is done along two lines. These are paradigms and its indicators and literature investigating effects of these indicators on dimensions of performance. The chapter reviews literature on paradigm in general and aspects of Quality Management paradigm that condition performance of auto industry in Kenya. It also explores findings of other researchers who have carried out their research in similar field of study.

2.2 Paradigm and its indicators

The introduction of customer and consequent emphasis on continuous improvement in management is one aspect that distinguishes Quality Management paradigm from the traditional paradigm that is informed by the classical, human relations, systems and contingency theories. Quality Management paradigm bridges the gap between classical and human relations theories by introducing the aspect of customer to both sides. It introduces changes in the organizational systems that align the social and technical systems. It is a customer focused management paradigm shaped by its indicators relating to quality, measurement, product positioning, product design and key stakeholder.

In QM paradigm, quality is viewed as one component of the value created for the customer. It is managed in to the process of making the product or service and is seen as synergistic with cost and delivery. Quality is viewed as something that encompasses the entire organization. Since all functions are responsible for product quality and all share cost of poor quality, quality is viewed as a concept that affects the entire organization. Daniel Prajogo (2002) did a study on drivers of competitive advantage in manufacturing industry in the Italian province of Florence. The study observed that quality, on-time delivery and responsiveness impact highly on business performance by helping build brand image and

customer retention. His findings further conclude that quality managed in to process of making the product reduces costs throughout an organization, especially in the areas of scrap, rework, field service, and warranty costs. Benefits accruing from cost reduction are eventually shared with customers by offering products and services at competitive prices and in the process laying foundation for brand loyalty.

Quality process is a continuous loop that begins, ends, and begins again with the customer (Clarkson et al., 1994). In quality management paradigm, focus on quality shifts from a process-driven discipline to a customer-driven discipline. All product or service attributes that contribute value to the customer and lead to customer satisfaction are addressed. Joseph Juran (1951) and Philip Crosby (1979) underscored this concept by defining quality as “fitness for use” and “conformance to requirements” respectively. Garvin (1988) highlighted customer focus from a strategic viewpoint. Thus customer focus is the overall goal of all quality objectives and strategies in implementing QM paradigm.

In customer focused management paradigm, measures of quality, productivity and costs are linked to customer satisfaction. Organizations emphasize both financial as well as nonfinancial measures. Nonfinancial measures are not directly linked to bottom-line performance but they indicate and direct attention to the specific areas that need improvement to improve overall competitiveness of a company. Nonfinancial measures of quality are tracked continuously as a basis for continuous improvement. Customer Satisfaction Index (CSI) surveys, field product problem reports and customer complaints summaries are all measures focused on customer satisfaction. Internal measures of quality, productivity and costs that are linked to customer satisfaction provide input for product design and continuous improvement process that is proactive to market needs and opportunities (Lant and Shapiro, 2001)

Product positioning is another indicator of QM paradigm. It is focused on customer segments and what their target customers value and why. D T Dobie, for example, has developed a niche market for its Mercedes Benz model targeting the top notch up-market clique of society. Through careful product differentiation, D T Dobie has managed to maintain loyalty of a market segment by focusing on market needs rather than competition. In some cases, a firm may choose to target speed because target clientele may want to minimize inventory costs with a just-in-time inventory system. In his study titled paradigm shifts in the petroleum companies in Kenya, Mungai, (2007) observed that successful companies in the industry focus their product position on market segments as opposed to focusing on competition. In his study carried out in Nairobi, Mungai observed that major oil dealers in the city benchmark their offerings on standards already developed by their international franchise holders.

The process of product design is externally focused, incorporating the needs of customers. In order to achieve design quality and defect prevention, quality is built into products and services and into the processes that produce them. Innovative applications of technology, well-designed and well-integrated systems and processes, and planning of new products or services based on concurrent or simultaneous engineering are some of the creative concepts and tools that are used. A research paper on Paradigm shift in the petroleum industry in Kenya, Gachina, (2004) observes that innovative applications of technology, well-designed and well-integrated systems and processes, and planning of new products or services based on concurrent or simultaneous engineering, results in business competitiveness and profitability.

Continuous improvement is the cornerstone of Quality Management paradigm. It recognizes that the needs of a customer are continuously changing, and so is the environment. Proactive

to opportunities, it is unending process that focuses on broader systems within the customer value chain. It requires well designed and well executed management of all systems and processes. The concept enhances value to the customer through new and improved products and services, getting consistently uniform products and services by benchmarking, reducing variation and wastage, reducing number of defects, improving responsiveness and cycle time performance, and improving productivity and efficiency.

In QM paradigm, customer is the key stakeholder. Organizational focus is to achieve quality and productivity objectives so that the product or service meets customer satisfaction (Ishikawa, 1956). This requires a fully committed, well-trained and involved work force in all quality activities. Customer focused management paradigm recognizes the customer as the key stakeholder in any organization. Employees are also identified as crucial. They are given incentives to identify quality problems, not punished. Workers are empowered to make decisions relative to quality in the production process and their suggestions are implemented. In order to achieve this, employees are given continual and extensive training in quality measurement tools. Necessary actions to formulate and implement employee strategies for creating a quality culture and changing the organizational structure to do the “right things right the first time and every time” are seriously considered. Innovative strategies related to cross-functional employee programs, and quality circles are encouraged to improve employee skills and knowledge, performance and flexibility to solve quality related problems. Training is reinforced through on-the-job applications of learning, involvement and empowerment. In this paradigm, quality is an organizational effort. To facilitate the solving of quality problems, it places great emphasis on team work. Teams work regularly to correct quality problems using tools like brainstorming and discussion. All senior managers create clear and visible quality values and high expectations and build them into the way the organization operates.

2.3 Operational Performance

Paradigm shifts have been credited with changed management styles and organizational structures with the objective of maximizing on operational effectiveness and efficiency by all possible means in order for organizations to maintain competitive advantage and survive in the market. Several studies have been done on Paradigm shift and its effect on organizational performance. Shetty, (1987) and Rust et al., (2002) observed that financial performance of organizations can be increased by improving quality performance. Their study showed that organizations whose beliefs relating to quality are guided by focus on value created for customer, and viewed quality as synergistic with cost and delivery were observed to achieve cost reduction throughout the organization especially in the areas of scrap, rework, inspection, field service and warranty costs. This resulted in operational efficiency and positive quality perception by customers for products and services offered by the organization. In their study on quality and productivity, Daniel and Reitsperger, (1991) and Perera et al., (1997) observed that organizations that have their technical, administrative and social resources deployed in a coordinated and integrated system were observed to optimize on effectiveness and efficiency of their processes resulting in improved quality, productivity, cost effectiveness, product flexibility and timeliness.

Goold and Campbell (1987) carried out a study to analyze the effect of non financial performance measures and customer focused manufacturing strategy on organizational performance. Their study observed that performance measurement systems play a key role in the development of strategic plans because if these systems develop within the organization's managerial paradigm and are linked to its objectives, then they can support the correct implementation of the organization's strategy and the achievement of targeted performance. In customer focused management paradigm, external measures of quality,

productivity and cost are linked to customer satisfaction. Organizations emphasize both financial as well as nonfinancial measures. Nonfinancial measures are not directly linked to bottom-line performance but they indicate and direct attention to the specific areas that need improvement to improve overall competitiveness of a company. These measures are good feedback tools that create positive quality perception for products and services

In customer focused paradigm product positioning is proactive to opportunities in the market. Webner et al., (1987) did a study on competitive advantage in auto industry in the German state of Bavaria. The study observed that companies achieved vintage product positioning through integration of concepts of QM paradigm in their strategy formulation. The process creates value to customers through new and improved products and develops variety of product and service models for different market segments.

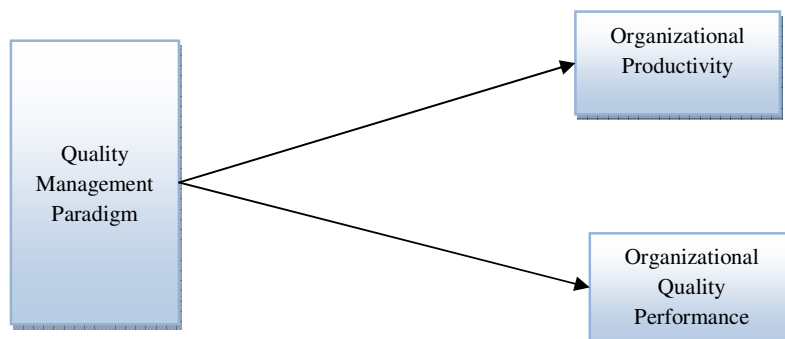
The Japanese auto maker, Toyota Motor Corporation, has grown from humble beginnings to become one of the leading vehicle manufacturers in the world. The company has fully integrated strategic quality concepts in its strategy formulation. It has adopted the principles of Kaizen as a rallying philosophy around which it has developed a corporate culture that promotes sustainable continuous improvement as a daily way of life for every member within the organization. The company has developed and perfected quality supportive concepts like kanban and Just-in-time (JIT) systems that focus on customer satisfaction. Like Volvo and Scania companies in Europe, Toyota is an example of an organization that is operating within Quality management paradigm. For years, the company has recorded impressive productivity in its plants, with high quality products and services.

2.3 Summary and Conceptual Framework

Most relationship studies on paradigms and organizational performance mainly highlight organizations in the developed countries where macro-economic and social environments are different from the environment in Kenya. This study examined the managerial paradigm and its effects on organizational performance in the context of Kenyan auto industry.

Several theories exist that help support and explain the relationship between managerial paradigm and corresponding performance of organizations. The theory holds that five key indicator constructs of quality management paradigm ie quality, measurement, product positioning, key stakeholder and product design have direct bearing on organization performance dimensions ie productivity, quality perception, cost effectiveness, flexibility and timeliness. This study tested co-variation between quality paradigm indicators and organizational performance dimensions

Figure 1: Managerial paradigm and operational performance



Source: Researcher

The following hypothesis was tested;

- i. There is a relationship between managerial paradigm and organizational productivity
- ii. There is a relationship between managerial paradigm and organizational quality performance

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the method that was followed in carrying out the study. It describes and explains the research process that was used to collect and analyze data. The chapter is thus structured into research design, target population, sample and sampling techniques, data collection and data analysis techniques.

3.2 Research Design

The research design that was used in this study was descriptive. In their studies conducted in Europe, Webner et al., (1987) and Kainz et al., (1996) both used a combination of descriptive and empirical designs because of the wider scopes of their studies. A descriptive research is appropriate in this study as it is designed to provide a picture of a situation as it naturally happens. It can be used to justify current practices and make judgment and also to develop theories (Creswell, 2008).

In this design, a profile is created for people or events through collection of data and tabulation of the levels and frequencies on specific variables or their interaction (Cooper and Schindler, 2006). Aim of this research was to determine effect of quality management paradigm on specific performance dimensions of firms in auto industry in Kenya. The method allows for investigation of relationships by taking measures of indicators of identified variables.

3.3 Target Population

A census was used in this study. Population consisted of all twelve firms dealing in new vehicle sales and after-sales offers in auto industry in Kenya. These were General Motors (EA), CMC, Toyota Kenya, D T Dobie, Simba Colt, Foton (EA) Ltd, Stantech Motors,

Mashariki Motors (K) Ltd, Kenya Grange, Amazon (K) Ltd, FAW (EA) Ltd and Marshals(EA) Ltd. It was considered necessary to carry out a census of firms in this industry as they are few and all of them are based in Nairobi. It was easy and less costly to access the firms for data and other information. Members of strategic management teams of these companies drawn from sales and marketing, Business planning and engineering departments were selected using stratified random sampling for survey. Stratified random sampling is a procedure that is used to reduce chance variation between a sample and the population it represents (Cooper and Schindler, 2000). It is also considered as a fair way of selecting a sample from a given population since every member is given equal opportunities of being selected

3.5 Data Collection

The study made use of primary data, collected through a structured questionnaire divided into three sections: Section one focused on the general background of the respondents' organization. Section two focused on the organization's culture as a proxy of management paradigm. Section three had questions structured to capture market perception of products and services offered by firms in the auto industry. This section was a measure of productivity and quality performance of the firms.

The questionnaire included both open and close ended questions. The close-ended questions provided more structured responses while close-ended questions were used to test the rating of various dimensions of quality management paradigm. I dropped the questionnaires at firms and collected them after two days.

3.6 Data Analysis

Data analysis is the process of bringing order, structure and meaning to the mass of information collected. It involves examining what has been collected and making

deductions and inferences (Kombo and Tromp 2006). This study employed descriptive statistics to analyze the data obtained. Descriptive statistics involves the collection, organization and analysis of all data relating to some population or sample under study. Data was coded and *means* computed for each variable. Results were tabulated and categorized by *means* for each organization and variable. Frequency tables and pie charts were used to tabulate the information gathered for analysis. Correlation was used to identify relationships between inherent paradigm indicators and corresponding level of organizational performance as measured by performance dimensions.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter covers data presentation and analysis. The study sought to determine managerial Paradigms in the auto industry in Kenya as well as the relationship between Managerial Paradigms in operation and productivity and quality performance in the auto industry. Reliability and viability of the data collected for the study was determined through ascertaining the reliability of the questionnaires used in data collection by a preliminary study.

4.2 Organization Characteristics of Participating Firms

The study targeted respondents from all twelve organizations in auto industry in Kenya. A census survey was adopted, in which case all the target companies were reached for response through their representatives, members of strategic management teams. A 100% response rate was achieved to this effect whereby all the targeted organizations were reached. According to Mugenda and Mugenda (1999), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent, so from Mugenda (1999), the response was excellent.

Table 4.1: Réponse Rate

Questionnaires	Frequency	Percent (%)
Returned	48	100.0
Unreturned	0	0.0
Distributed	48	100.0

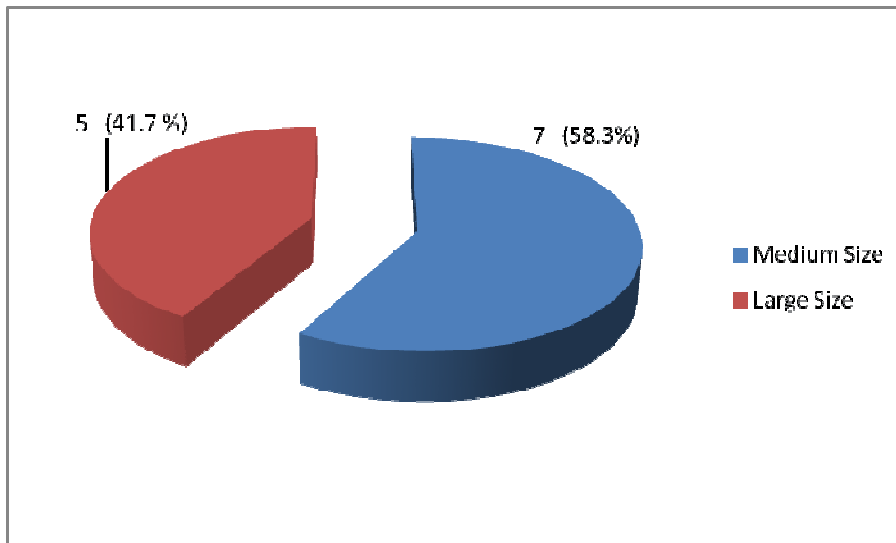
Organization's number of employees as well as the affiliation of the business was also captured. This is summarised in Table 4.2 below. The study found it necessary to establish from the respondent the number of employees in the organization. This was intended to give

the researcher an insight into the individual companies' level of establishment, which is linked to intensity of operations and productivity among the companies. Firms were grouped in two categories, medium sized firms with number of employees between 50 and 200, and large firms with number of employees above 200. Table 4.2 below summarises the findings.

Table 4.2 Organization Size of participating firms

Category by Size	Frequency	Percent (%)
Medium Sized (50 to 200 Employees)	7	58.3
Large Size (Above 200 Employees)	5	41.7
Total	12	100.0

Figure 4.1; Organization Size of participating firms



From the results above, five firms affirmed to category of large firms with number of employees above 200, with seven other firms affirming to medium size category with number of employees between 50 and 200.

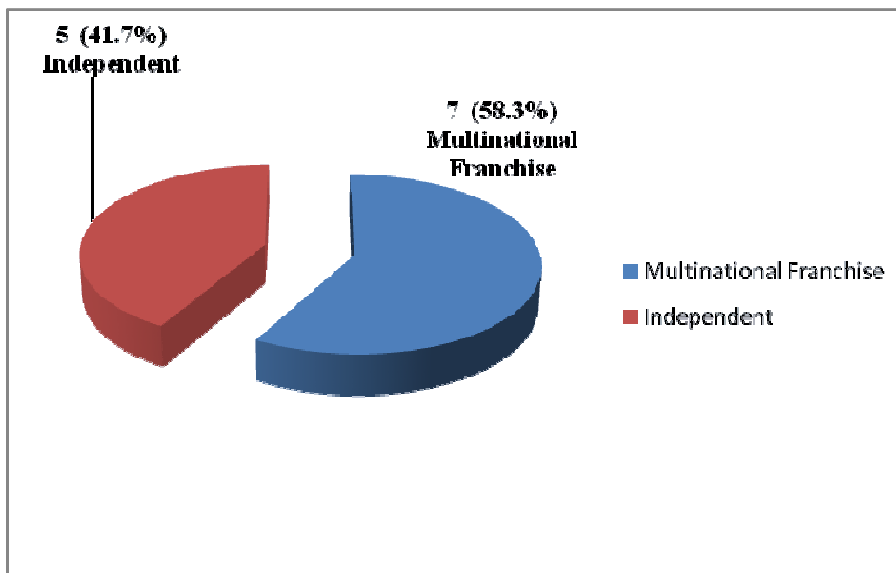
It was also deemed necessary to establish the company affiliation as it influences the management practices and styles. Local franchises of multinational companies are likely to

borrow heavily from the structure and style of parent multinational companies whereas independent companies are likely to develop home grown styles and culture. Managerial Paradigms are derived from corporate culture and management style of organizations. Table 4.3 below summarises the findings.

Table 4.3 Organization Affiliation of Participating Firms

Organization Affiliation	Frequency	Percent (%)
Multinational franchise	7	58.3
Independent	5	41.7
Total	12	100.0

Figure 4.2; Organization Affiliation of Participating Firms



From above results, seven organizations are franchises of multinational companies. Five other firms are independent establishments. From findings of this study, it is evident that the auto industry in Kenya is dominated by multinational organizations that have set up local franchises to market their products. This is true as Kenya has no vehicle manufacturing industry of her own. The dealerships we have are mainly local franchises of multinational

organizations. Their presence in the Kenyan market is mainly for distribution, sales and marketing.

4.3 Results

The study sought to establish Managerial Paradigm in operation in each auto company in Kenya as derived from questionnaire feedback on organizational culture; and to determine the relationship between the Managerial Paradigm in operation and Productivity and Quality performance. The latter dependent variables were deduced from feedback in the questionnaire structured to capture market perception.

The questionnaire was structured in two sections; section one was designed to capture beliefs, myths and values that guide behaviour of people through the organization. In this section respondents were required to tick against a phrase that best aligned with their organizational realities formed by the values, beliefs, traditional practices, methods and tools developed by members of the organization to integrate the thoughts and actions of their group members. From the answers given, the researcher deduced organizational views as relates to indicators of Management Paradigm inherent in their organization, namely quality, measurement, product positioning, key stakeholder and product design. This in turn constitutes the corporate culture that defines the Managerial Paradigm in which the organization operates.

Section two of the questionnaire had questions structured to help deduce organization's productivity and quality performance by capturing market perception of the products and services offered by the organization. Respondents were asked to study given statements and assess the extent to which they felt 'their organizations had competitive advantage over others in the industry. The section was structured on a four-point Likert scale that ranged

from *strongly disagree* to *strongly agree*. From the mean and the close standard deviation summaries in table 4.4, it follows that most respondents were in agreement, affirming to either ‘agree’ or ‘strongly agree’. Most respondents have a positive perception towards their market establishments, meaning that they are in support of their managerial paradigms. The different responses across the companies point to a variation in the level of productivity and quality performance thus enabling the researcher deduce relationship between the different Managerial Paradigms in operation and corresponding Productivity and Quality performance

Table 4.4 Summary of Results

FIRM	MEAN SCORE			PARADIGM CATEGORY
	Managerial paradigm;	Productivity	Quality Performance	QM = Quality Management TM = Traditional Management
1	1.533	3.42	2.97	TM
2	2.583	3.94	3.42	QM
3	2.764	4.98	4.33	QM
4	2.422	3.96	3.44	QM
5	2.857	5.01	4.35	QM
6	1.923	3.76	3.26	TM
7	2.691	4.66	4.05	QM
8	2.623	4.82	4.19	QM
9	2.743	4.77	4.14	QM
10	1.092	3.02	2.62	TM
11	2.238	3.87	3.20	TM
12	1.983	3.73	3.24	TM
Average	Mean = 2.5 Std deviation = 0.25	Mean = 4.27 Std deviation = 0.481	Mean = 3.61 Std deviation = 0.404	

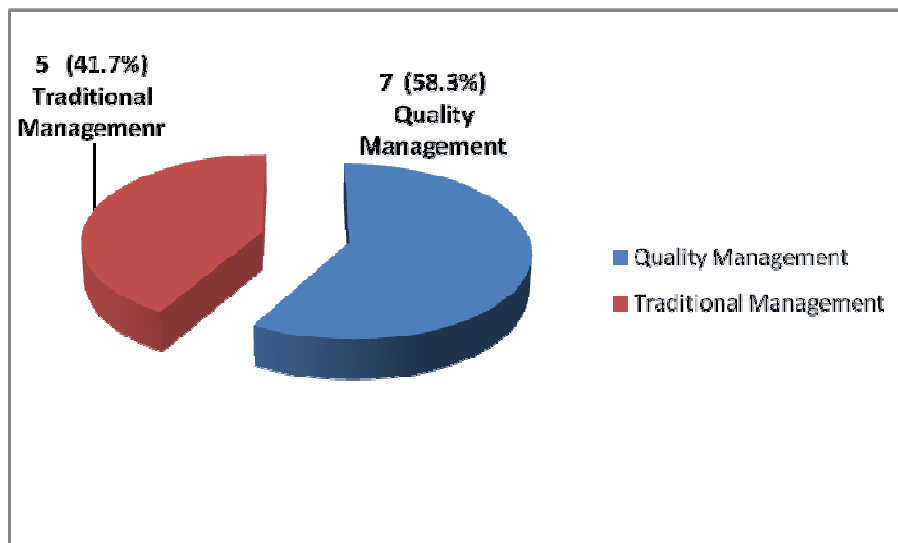
Results summarised in table 4.4 above show the means and standard deviations for variables measured for all organizations surveyed. From computation done using SPSS tool, average mean calculated for Managerial paradigm is 2.5 with accuracy of 10%, giving a mean range

of 2.25 to 2.75. For purpose of this study, an organization with a mean score of 2.25 and above is perceived to subscribe to Quality Management Paradigm. Firms with a management paradigm mean score below 2.25 are perceived to subscribe to Traditional Paradigm. From the findings in the above table, seven organizations are observed to have their managerial paradigm mean above 2.25. These organizations are categorised as subscribing to Quality Management Paradigm. Five other organizations have a management paradigm mean score less than 2.25. They are categorised as subscribing to Traditional management Paradigm.

Table 4.5 Management Paradigm Categorization

Managerial Paradigm	Frequency	Percent (%)
Quality management	7	58.3
Traditional Management	5	41.7
Total	12	100.0

Figure 4.3; Managerial Paradigm Categorization



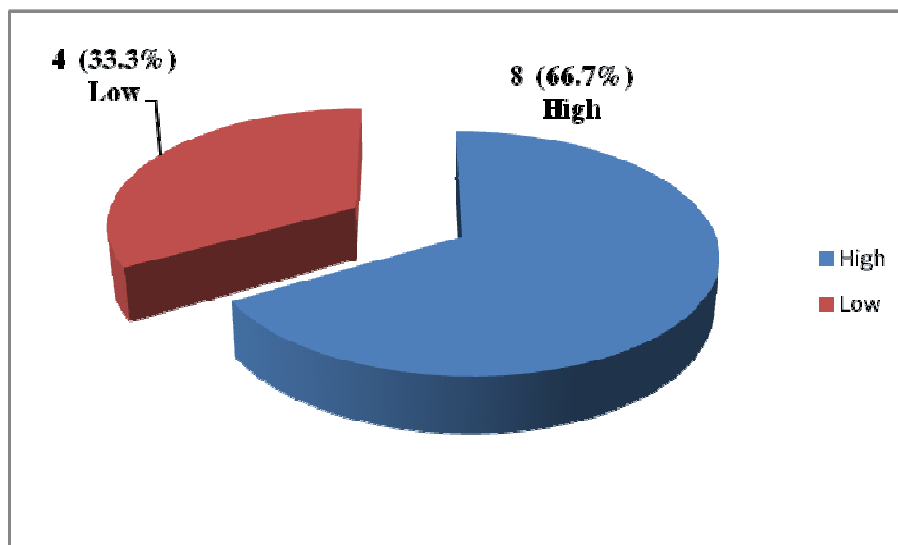
Productivity and quality performance of participating organizations were captured through questionnaires on market perception of the products and services offered by the

organization. The questionnaire was structured on a four-point Likert scale that ranged from *strongly disagree* to *strongly agree*. Using SPSS facility, Productivity was computed. This gave an average mean of 4.27 with average standard deviation of 0.481. For purpose of this study, organizations that recorded an average mean score of 3.79 and above had their productivity categorised as High. Those with productivity mean score less than 3.79 had their productivity categorised as Low. From the findings, eight firms had their productivity mean score above the threshold of 3.79. Their productivity was therefore classified as High. Four other organizations had their productivity mean score less than 3.79. These firms had their productivity categorised as Low.

Table 4.6 Productivity Categorization of Participating Organizations

Productivity category	Frequency	Percent (%)
High	8	66.7
Low	4	33.3
Total	12	100.0

Figure 4.4; Productivity Categorization of Participating Organizations



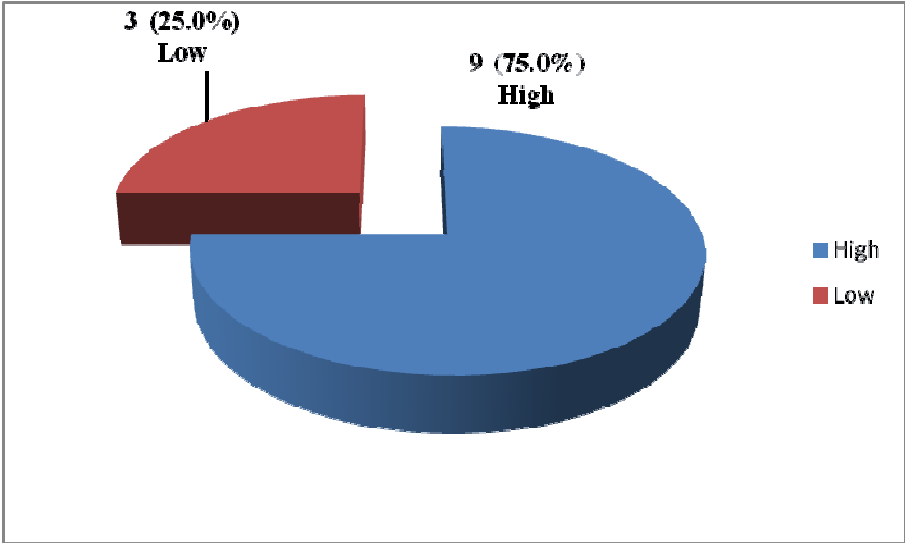
Quality performance of organizations was derived from market perception responses as was the case of productivity. From computation done, organizations surveyed recorded an

average mean score of 3.61 with a standard deviation of 0.404. For purpose of this study, organizations that recorded an average mean of 3.21 and above had their quality performance categorised as High. Those with quality performance mean score less than 3.21 had their quality performance categorised as Low. From the findings, nine firms had their quality performance mean score above the threshold of 3.21. Their quality performance was categorised as High. Only organizations had their quality performance mean score less than 3.21. These firms had their quality performance categorised as Low.

Table 4.7 Quality Performance Categorization of Organizations

Productivity category	Frequency	Percent (%)
High	9	75.0
Low	3	25.0
Total	12	100.0

Figure 4.5; Quality Performance Categorization of Participating Organizations



4.3.1 Quality Management Paradigm and Performance: Discussion

From the findings above it was observed that companies subscribing to Quality Management Paradigm recorded higher mean scores for productivity and quality performance compared to organizations subscribing to Traditional Management Paradigm. Quality Management paradigm is premised on whole systems approach and customer value. It is customer focused where all resources, technical, administrative and social, are deployed in a coordinated and integrated system (UoN lecture notes on Strategic Quality Management, 2012). From the findings of this research, seven firms in the auto industry are observed to subscribe to Quality Management Paradigm. Six of the seven firms that hold local franchise for multinational organizations are observed to subscribe to Quality Management Paradigm. This study shows that Quality Management Paradigm has a lot to offer the auto industry in Kenya.

In Quality Management paradigm, Customer is the Key Stakeholder. Employees work together to achieve quality and productivity objectives so that the product or service meets customer satisfaction (Ishikawa 1956). From this study organizations that subscribe to QM paradigm are observed to be viewed as successful and reliable. Customers view these organizations as responsive to their needs as relates to value, timeliness and flexibility of products and services that cater for diverse segments. These organizations achieved high mean scores for both productivity and quality performance

With corporate culture where quality is managed in to the process of making the product or service and where quality is seen as synergistic with cost and delivery, an organization accrues efficiency and effectiveness resulting in timeliness and high quality of products and services. Results of this study show that organizations subscribing to QM paradigm have customers viewing their offerings as timely, fairly priced and reliable.

Organizations subscribing to QM paradigm were observed to have their product design process externally focused. The market perceived their products and services as adequately catering for all their segments of need, winning brand loyalty. This in turn helps the organizations retain and grow their market share.

Of the five independent firms in the industry, only one subscribes to quality management paradigm. Local franchises of multinational organizations structure their management style and culture in line with their parent multinational organizations. These local organizations replicate competitive systems and structures developed by their parent organizations to leverage and optimize on productivity and quality performance.

The correlation between management paradigm and performance of organizations in the auto industry in Kenya confirms our hypothesis. The study findings have confirmed that;

- i. There is a relationship between managerial paradigm and organizational productivity and
- ii. There is a relationship between managerial paradigm and organizational quality performance

4.3.2 Regression Analysis

A multiple regression analysis was conducted to determine the relative impact relationship between quality management paradigm indicators and performance in auto industry. The regression model was as shown below:

$$\text{Performance} = \alpha + \beta_1(\text{Key stakeholder}) + \beta_2(\text{Quality}) + \beta_3(\text{Product positioning}) + \beta_4(\text{Measurement}) + \beta_5(\text{Product design}) + \varepsilon$$

Regression analysis also produced correlation, coefficient of determination and analysis of variance. Correlation sought to show the nature of relationship between dependent and independent variables and coefficient of determination showed the strength of the relationship. Analysis of variance was done to show whether there is a significant mean difference between dependent and independent variables. The analysis of variance was conducted at 95% confidence level.

Table 4.8 Model Goodness of Fit

R	R²	Adjusted R²	Std. Error of the Estimate
0.771	0.631	0.532	0.06227

Regression analysis was used to establish the relationship between Performance and the factors that affect performance variables. The results showed a correlation value (R) of 0.771 which shows there is a good linear dependence of organizational performance on Quality, Product design, Product positioning, Measurement and Key stakeholder.

With an adjusted R-squared of 0.532, the model shows that Key stakeholder, Quality, Measurement, Product design and Product positioning explain 53.2 percent of the variations in productivity while 46.8 percent is explained by other factors not in the model.

Table 4.9: Regression Coefficient Results

	Un-standardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	7.724	5.006		1.543	.132
Key stakeholder	1.719	.720	.362	2.387	.023
Quality	1.434	.697	-.338	-2.058	.047
Product positioning	.456	.827	.091	.551	.045
Measurement	0.724	5.006	0.762	1.442	.113
Product design	0.719	.620	.362	2.387	.033

a. Dependent Variable: ROA

From the data in the above table, there is a positive relationship between Performance and the independent variables which are Key stakeholder, Quality, Measurement, Product design and Product positioning. The established regression equation is:

$$\mathbf{Performance} = 7.724 + 1.719 (\text{Key stakeholder}) + 1.456 (\text{Quality}) + 0.456(\text{Product positioning}) + 0.724(\text{Measurement}) + 0.719(\text{Product design}).$$

The regression results show that, when the Quality, Product design, Product positioning, Measurement and Key stakeholder have zero values, the space allocation value would be 7.724.

Companies with Quality Management Paradigm can therefore be said to be better performing compared to those with Traditional Management Paradigm.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the study and makes conclusion based on the results. The implications of the findings and areas for further research are also presented. It also compares findings from the study to findings by other scholars as highlighted under literature review.

5.2 Summary

The study deemed it necessary to find out the number of employees among the respondent companies. This was intended to give the researcher an insight into the individual companies' level of establishment, which is linked to intensity of operations and productivity among the companies. Going by the number of employees, the five leading auto industries in the country affirmed to the highest category of number of employees of above 200. According to *Kenya Motor Industry* (KMI) report of 2012, the five major vehicle dealers in the country control more than 80 per cent of new vehicle market in the country. This reflects the degree of establishment and intensity of operations in the named companies. The same has been reflected in their productivity.

The researcher also deemed it necessary to establish the company affiliation, it being directly associated with the management style and practices. Seven organizations are local franchises of multinational organizations whereas five organizations are independent establishments. From the results, all local franchises of multinational organizations, save for one, affirmed to quality management paradigm with impressive mean scores for both Productivity and quality performance.

The researcher used organization culture as proxy to determine the managerial paradigm in operation in different organizations. As discussed in Chapter one, corporate culture defines the paradigm in which the organization operates. The study found a general agreement with the set of questions among the companies, implying that a fair number of the respondents have their managerial paradigm aligned to Traditional Management Paradigm. Also, a fair number of respondents have their views aligned towards Quality Management Paradigm.

The researcher sought to determine the respondent organization's market perception, in order to deduce productivity and quality performance. From the findings most respondents showed positive perception towards their market establishments, meaning that they are in support of their managerial paradigms.

A correlation analysis was used to measure the degree of association between the managerial paradigm in operation and productivity and quality performance. Findings show that organizational performance, as measured by productivity, quality perception, cost effectiveness, timeliness and flexibility positively correlates with managerial paradigm. Organizations that subscribe to Quality Management Paradigm recorded higher productivity and quality performance compared to those that subscribe to Traditional Management Paradigm.

The correlation matrix indicates that Key stakeholder, as one indicator of management paradigm, strongly and positively correlates with the managerial paradigm as indicated by a correlation coefficient. There is a positive relationship between productivity and the independent variables that condition productivity. The established regression equation was:

$$\text{Productivity} = 7.724 + 1.719 (\text{Key stakeholder}) + 1.434 (\text{Quality}) + 0.456 (\text{Measurement}) + 0.724 (\text{Product positioning}) + 0.719 (\text{Product design})$$

Based on the results of this study, the researcher approves the hypothesis.

- i. There is a relationship between managerial paradigm and organizational productivity and
- ii. There is a relationship between managerial paradigm and organizational quality performance.

5.3 Conclusion

From the findings of this study, it is evident that the auto industry in Kenya is dominated by firms that are local franchises of multinational organizations. Majority of these firms are observed to subscribe to Quality Management Paradigm. Quality Management Paradigm has a lot to offer auto industry in Kenya. As stated in chapter two, objective of top management in any organization is to maximize their operational efficiency by all possible means in order to maintain their competitive advantage and survive in the market. The study, through its specific objectives has investigated Quality Management Paradigm and how it affects performance in auto industry in Kenya. It has analyzed relationship between paradigm indicators and corresponding level of organizational performance as measured by productivity and quality performance.

From the findings, it is observed that organizations subscribing to quality management paradigm accrue optimum productivity and quality performance. The introduction of customer as key stakeholder and consequent emphasis on continuous improvement in management is the hallmark of Quality Management paradigm. From the findings, it is evident that by deploying their technical, administrative and social resources in a coordinated and integrated system, organizations are able to optimize on effectiveness and efficiency of their processes for maximum performance. The study further reveals that

organizations subscribing to QM paradigm command positive market perception from their customers, helping them retain and grow their market share. Customers view their organizations as reliable and successful in the market, an indication of productivity, effectiveness and efficiency. Their products and services have won strong brand loyalty amongst their clients who view their offers as fairly priced. This in turn helps the organizations grow and retain market share for their products and services.

It was found from the correlation analysis that organizational performance, as measured by productivity, quality perception, cost effectiveness, timeliness and flexibility is highly and positive correlated with managerial paradigm. The study concludes that there is a relationship between Managerial Paradigm and organizational productivity and quality performance.

5.4 Recommendations

The findings of this study indicate that Quality Management Paradigm has much to offer automotive industry in Kenya where scarce resources, market agility and closeness to customer condition performance of the firm. The study covered twelve organizations dealing in new vehicles in Kenya. The findings are a fair representation of benefits organizations in the auto industry in Kenya can accrue by adopting Quality Management Paradigm. However, the findings would be improved further were the study to be done with a larger number of respondents from each surveyed organization. This study had only four respondents from each organization. Expanding size of respondents and having them drawn from various departments of surveyed organizations would improve accuracy of data collected and be more representative of the organizations' views. It is therefore recommended the study be carried out with a larger sample size of respondents from auto firms in the country.

The study also focused on the Quality Management Paradigm and performance only in auto industry in Kenya. Benefits of QM paradigm are not confined to auto industry alone. It is therefore recommended that similar researches be replicated in other industries and the results compared so as to establish whether there is consistency on effect of Quality Management Paradigm on performance of organizations in various industries in Kenya..

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APPENDICES

APPENDIX I: TABLE PRESENTING THE FIRMS' RESPONSES ON THEIR ORGANIZATION CULTURE

Table 4.1 Auto companies' organization culture

ORGANIZATION	Organization performance
1	<p>Quality</p> <ul style="list-style-type: none"> • Quality is a component of customer value • We achieve quality through managing the process of realizing the product or service • Quality and cost are synergistic • Quality and timelessness are synergistic <p>Measurement</p> <ul style="list-style-type: none"> • In our organization, measurement is important because it can tell us about customer value created • Our most important measures are judged by identifiable links to customer value creation <p>Product positioning</p> <ul style="list-style-type: none"> • We position ourselves and our products to meets the needs we have identified for specific segments of our customers/consumers <p>Key stakeholder</p> <ul style="list-style-type: none"> • The most important stakeholders are the intended customers or consumers of our products or services <p>Product design</p> <ul style="list-style-type: none"> • We only produce goods and services we already know the customers want
2	<p>Quality</p> <ul style="list-style-type: none"> • Quality is a component of customer value • We achieve quality through managing the process of realizing the product or service • Quality and cost are synergistic • Quality and timelessness are synergistic <p>Measurement</p> <ul style="list-style-type: none"> • In our organization, measurement is important because it can tell us about customer value created • Our most important measures are judged by identifiable links to customer value creation <p>Product positioning</p> <ul style="list-style-type: none"> • We position ourselves and our products to meets the needs we have identified for specific segments of our customers/consumers <p>Key stakeholder</p> <ul style="list-style-type: none"> • The most important stakeholders are the intended customers or consumers of our products or services <p>Product design</p> <ul style="list-style-type: none"> • We only produce goods and services we already know the customers want
3	<p>Quality</p>

	<ul style="list-style-type: none"> • Quality is a component of customer value • We achieve quality through managing the process of realizing the product or service • Quality and cost are synergistic • To deliver good quality, products /service requires time <p>Measurement</p> <ul style="list-style-type: none"> • In our organization, measurement is important because it can tell us about customer value created • Our most important measures are judged by identifiable links to customer value creation <p>Product positioning</p> <ul style="list-style-type: none"> • We position ourselves and our products to meets the needs we have identified for specific segments of our customers/consumers <p>Key stakeholder</p> <ul style="list-style-type: none"> • The most important stakeholders are the intended customers or consumers of our products or services <p>Product design</p> <ul style="list-style-type: none"> • We only produce goods and services we already know the customers want
4	<p>Quality</p> <ul style="list-style-type: none"> • Quality is a component of customer value • We achieve quality of our products or services through rigorous inspection of outputs • Quality and cost are synergistic • Quality and timelessness are synergistic <p>Measurement</p> <ul style="list-style-type: none"> • In our organization, measurement is important because it can tell us about customer value created • Our most important measures are judged by identifiable links to customer value creation <p>Product positioning</p> <ul style="list-style-type: none"> • We position ourselves and our products to meets the needs we have identified for specific segments of our customers/consumers <p>Key stakeholder</p> <ul style="list-style-type: none"> • The most important stakeholders are the intended customers or consumers of our products or services <p>Product design</p> <ul style="list-style-type: none"> • We only produce goods and services we already know the customers want
5	<p>Quality</p> <ul style="list-style-type: none"> • Quality is a component of customer value • We achieve quality of our products or services through rigorous inspection of outputs • Quality and cost are synergistic • To deliver good quality, products /service requires time <p>Measurement</p> <ul style="list-style-type: none"> • In our organization, measurement is important because it can tell us about customer value created • Our most important measures are judged by identifiable links to customer value creation <p>Product positioning</p> <ul style="list-style-type: none"> • We position ourselves and our products to meets the needs we have

	<p>identified for specific segments of our customers/consumers</p> <p>Key stakeholder</p> <ul style="list-style-type: none"> The most important stakeholders are the intended customers or consumers of our products or services <p>Product design</p> <p>We put every effort to sell the goods and services we are able to produce</p>
6	<p>Quality</p> <ul style="list-style-type: none"> Quality is a component of customer value We achieve quality of our products or services through rigorous inspection of outputs Measurement In our organization, measurement is important because it can tell us about our efficiency and productivity level Our most important measures are judged by identifiable links to customer value creation <p>Product positioning</p> <ul style="list-style-type: none"> We position ourselves and our products according to the level and nature of competition in the market and money available <p>Key stakeholder</p> <ul style="list-style-type: none"> The most important stakeholders are those who have invested or funded the organization <p>Product design</p> <ul style="list-style-type: none"> We put every effort to sell the goods and services we are able to produce
7	<p>Quality</p> <ul style="list-style-type: none"> Quality means meeting the specification set for a service or a product We achieve quality of our products or services through rigorous inspection of outputs <p>Measurement</p> <ul style="list-style-type: none"> Our most important measures relate to productivity, costs and profitability In our organization, measurement is important because it can tell us about our efficiency and productivity level <p>Product positioning</p> <ul style="list-style-type: none"> We position ourselves and our products according to the level and nature of competition in the market and money available <p>Key stakeholder</p> <ul style="list-style-type: none"> The most important stakeholders are the intended customers or consumers of our products or services <p>Product design</p> <ul style="list-style-type: none"> We put every effort to sell the goods and services we are able to produce

8	<p>Quality</p> <ul style="list-style-type: none"> • Quality means meeting the specification set for a service or a product • We achieve quality of our products or services through rigorous inspection of outputs <p>Measurement</p> <ul style="list-style-type: none"> • In our organization, measurement is important because it can tell us about our efficiency and productivity level • Our most important measures relate to productivity, costs and profitability <p>Product positioning</p> <ul style="list-style-type: none"> • We position ourselves and our products according to the level and nature of competition in the market and money available <p>Key stakeholder</p> <ul style="list-style-type: none"> • The most important stakeholders are those who have invested or funded the organization <p>Product design</p> <ul style="list-style-type: none"> • We put every effort to sell the goods and services we are able to produce
9	<p>Quality</p> <ul style="list-style-type: none"> • Quality means meeting the specification set for a service or a product • We achieve quality of our products or services through rigorous inspection of outputs <p>Measurement</p> <ul style="list-style-type: none"> • In our organization, measurement is important because it can tell us about our efficiency and productivity level • Our most important measures relate to productivity, costs and profitability • Product positioning • We position ourselves and our products according to the level and nature of competition in the market and money available <p>Key stakeholder</p> <ul style="list-style-type: none"> • The most important stakeholders are the intended customers or consumers of our products or services <p>Product design</p> <ul style="list-style-type: none"> • We put every effort to sell the goods and services we are able to produce
10	<p>Quality</p> <ul style="list-style-type: none"> • Quality means meeting the specification set for a service or a product • We achieve quality of our products or services through rigorous inspection of outputs <p>Measurement</p> <ul style="list-style-type: none"> • In our organization, measurement is important because it can tell us about our efficiency and productivity level • Our most important measures relate to productivity, costs and profitability <p>Product positioning</p> <ul style="list-style-type: none"> • We position ourselves and our products according to the level and nature of competition in the market and money available <p>Key stakeholder</p> <ul style="list-style-type: none"> • The most important stakeholders are the intended customers or consumers of our products or services <p>Product design</p> <p>We put every effort to sell the goods and services we are able to produce</p>
11	<p>Quality</p> <ul style="list-style-type: none"> • Quality is a component of customer value • We achieve quality through managing the process of realizing the product

	<p>or service</p> <ul style="list-style-type: none"> • Quality and cost are synergistic • To deliver good quality, products /service requires time <p>Measurement</p> <ul style="list-style-type: none"> • In our organization, measurement is important because it can tell us about customer value created • Our most important measures are judged by identifiable links to customer value creation <p>Product positioning</p> <ul style="list-style-type: none"> • We position ourselves and our products to meets the needs we have identified for specific segments of our customers/consumers <p>Key stakeholder</p> <ul style="list-style-type: none"> • The most important stakeholders are the intended customers or consumers of our products or services <p>Product design</p> <ul style="list-style-type: none"> • We only produce goods and services we already know the customers want
12	<p>Quality</p> <ul style="list-style-type: none"> • Quality is a component of customer value • We achieve quality of our products or services through rigorous inspection of outputs • Quality and cost are synergistic • To deliver good quality, products /service requires time <p>Measurement</p> <ul style="list-style-type: none"> • In our organization, measurement is important because it can tell us about customer value created • Our most important measures are judged by identifiable links to customer value creation <p>Product positioning</p> <ul style="list-style-type: none"> • We position ourselves and our products to meets the needs we have identified for specific segments of our customers/consumers <p>Key stakeholder</p> <ul style="list-style-type: none"> • The most important stakeholders are the intended customers or consumers of our products or services <p>Product design</p> <p>We put every effort to sell the goods and services we are able to produce</p>

APPENDIX II: AUTO COMPANIES' MARKET PERCEPTION

Table 4.2 Auto companies' market perception

Statement	Auto company	Level of agreement
Our organization is reliable and successful in the market	1	Agree
	2	Highly agree
	3	Highly agree
	4	Highly agree
	5	Highly agree
	10	Slightly agree
	8	Slightly agree
	9	Highly agree
	6	Highly agree
	10	Slightly agree
	11	Agree
	12	Agree
Our organization is operating at optimum productivity.	1	Agree
	2	Highly agree
	3	Highly agree
	4	Highly agree
	5	Highly agree
	10	Agree
	7	Agree
	8	Highly agree
	9	Highly agree
	6	Agree
	10	Agree
	11	Agree
12	Agree	
Our organization commands a big market share for our products/services	1	Don't agree
	2	Highly agree
	3	Highly agree
	4	Agree
	5	Highly agree
	10	

	7	Don't agree
	8	Don't agree
	9	Agree
	6	Highly agree
	10	Don't agree
	11	
	12	Agree
		Agree
Our organization has superior product service offerings in the market	1	Agree
	2	Highly agree
	3	Highly agree
	4	Agree
	5	Highly agree
	10	Agree
	7	Agree
	8	Agree
	9	Highly agree
	6	Agree
	10	Agree
	11	Agree
	12	
Our organization has developed products and services that adequately cater for all market segments.	1	Agree
	2	Highly agree
	3	Highly agree
	4	Highly agree
	5	Highly agree
	10	Agree
	7	Agree
	8	Highly agree
	9	Highly agree
	6	Agree
	10	Agree
	11	Agree

	12	
Our organization has developed good brand image of our offerings	1	Agree
	2	Highly agree
	3	Highly agree
	4	Highly agree
	5	Highly agree
	10	Agree
	7	Agree
	8	Highly agree
	9	Highly agree
	6	Agree
	10	
	11	Agree
12	Agree	
Our products/services have won strong brand loyalty amongst our customers	1	Agree
	2	Highly agree
	3	Highly agree
	4	Highly agree
	5	Highly agree
	10	Agree
	7	Agree
	8	Highly agree
	9	Highly agree
	6	Agree
	10	Agree
	11	
12	Agree	
Costs associated with scrap, reworks, inspections and warranty are kept at a bare minimum.	1	Agree
	2	Highly agree
	3	Highly agree
	4	Highly agree
	5	Highly agree
	10	Agree
	7	Agree

	8	Highly agree
	9	Highly agree
	6	Agree
	10	
	11	Agree
	12	Agree
Our products/services are viewed as fairly priced in the market	1	Agree
	2	Highly Agree
	3	Highly Agree
	4	Highly agree
	5	Highly Agree
	10	Slightly agree
	7	Slightly agree
	8	Highly agree
	9	Highly agree
	6	Agree
	10	Agree
	11	Agree
Our organization has high customer retention abilities	1	Agree
	2	Highly agree
	3	Highly agree
	4	Highly agree
	5	Highly agree
	10	Slightly agree
	7	Agree
	8	Highly agree
	9	Highly agree
	6	Agree
	10	Agree
	11	Agree
12		
Our organization has developed	1	Agree

competence and experience in the market	2 3 4 5 10 7 8 9 6 10 11 12	Highly agree Highly agree Highly agree Highly agree Agree Agree Highly agree Highly agree Agree Agree Agree Agree
Our organization has embraced new technologies	1 2 3 4 5 10 7 8 9 6 10 11 12	Slightly agree Highly agree Highly agree Highly agree Highly agree Agree Don't agree Highly agree Highly agree Agree Agree Agree
Our employees work together to achieve quality and productivity objectives so that the product or service meets customer satisfaction	1 2 3 4 5 10 7 8	Agree Highly agree Highly agree Highly agree Highly agree Highly agree Highly agree

	9	Highly agree
	6	Highly agree
	10	Agree
	11	Agree
	12	Agree
Our employees are given continual and extensive training in quality measurement tools	1	Agree
	2	Highly agree
	3	Highly agree
	4	Highly agree
	5	Highly agree
	10	Agree
	7	Slightly agree
	8	Highly agree
	9	Highly agree
	6	Agree
	10	
	11	Agree
	12	Agree
Our organization actively participates in corporate social responsibilities (CSR)	1	Don't agree
	2	Highly agree
	3	Highly agree
	4	Agree
	5	Highly agree
	10	Don't agree
	7	Agree
	8	Agree
	9	Highly agree
	6	Agree
	10	
	11	Agree
	12	Agree

APPENDIX III: QUESTIONNAIRE

This questionnaire is for the purpose of collecting data on the culture that guide behaviour of people in your organization and also data on how customers of your products and services perceive your offerings. The data collected will be used for academic purpose only and will be treated confidentially.

Section A: General Information

1. Number of employees – tick one

Under 50 50 - 100 101 – 150 151 – 200 Above 200

2. Affiliation/management of the business (tick one)

Independent Local Franchise

Section B: Organizational Culture

The following are views derived from organizational cultures that guide behaviour of their people in relation to quality and customer. For every item in the table identify the view that best describes the prevailing culture in your organization. Tick either column A or B

ITEM	A	B
1	Quality means meeting the specification set for a service or a product <input style="width: 100px;" type="checkbox"/>	Quality is a component of customer value <input style="width: 100px;" type="checkbox"/>
2	We achieve quality of our products or services through rigorous inspection of outputs <input style="width: 100px;" type="checkbox"/>	We achieve quality through managing the process of realizing the product or service. <input style="width: 100px;" type="checkbox"/>

3	Quality and cost always conflicting <input type="checkbox"/>	Quality and cost are synergistic <input type="checkbox"/>
4	To deliver good quality, products /service requires time <input type="checkbox"/>	Quality and timeliness are synergistic <input type="checkbox"/>
5	In our organization, measurement is important because it can tell us about our efficiency and productivity level <input type="checkbox"/>	In our organization, measurement is important because it can tell us about customer value created <input type="checkbox"/>
6	Our most important measures relate to productivity, costs and profitability. <input type="checkbox"/>	Our most important measures are judged by identifiable links to customer value creation <input type="checkbox"/>
7	We position ourselves and our products according to the level and nature of competition in the market and money available <input type="checkbox"/>	We position ourselves and our products to meet the needs we have identified for specific segments of our customers/consumers. <input type="checkbox"/>
8	The most important stakeholders are those who have invested or funded the organization. <input type="checkbox"/>	The most important stakeholders are the intended customers or consumers of our products or services <input type="checkbox"/>
9	We put every effort to sell the goods and services we are able to produce. <input type="checkbox"/>	We only produce goods and services we already know the customers want <input type="checkbox"/>

Source; Strategic Quality management lecture notes, 2011

Section C: Market perception

For each of the following, assess the extent to which you feel your organization has competitive advantage over others in the industry. Tick in the appropriate column.

	Highly agree	Agree	Slightly agree	Don't agree
Our organization is reliable and successful in the market				
Our organization is operating at optimum productivity.				
Our organization commands a big market share				

for our products/services				
Our organization has superior product /service offerings in the market				
Our organization has developed products and services that adequately cater for all market segments.				
Our organization has developed good brand image of our offerings				
Our products/services have won strong brand loyalty amongst our customers				
Costs associated with scrap, reworks, inspections and warranty are kept at a bare minimum.				
Our products/services are viewed as fairly priced in the market				
Our organization has high customer retention abilities				
Our organization has developed competence and experience in the market				
Our organization has embraced new technologies				
Our employees work together to achieve quality and productivity objectives so that the product or service meets customer satisfaction				
Our employees are given continual and extensive training in quality measurement tools				
Our organization actively participates in corporate social responsibilities (CSR)				