African Journal of Business & Development studies Volume 2 Issue 1 2025
ISSN: 3079-6903
DOI: https://doi.org/10.70641/ajbds.v2i1.167

AFRICAN JOURNAL
OF BUSINESS AND DEVELOPMENT STUDIES
AJBDSresearchjournal@usiu.ac.ke
journals.usiu.ac.ke

Influence of Organizational Culture on Competitive Advantage of the Top 100 Medium-Sized Enterprises in Kenya

[1] Swabra Abdallah Soud, [2]Maina Muchara & [3]Joyce Ndegwa*
[1,2,3] United States International University –Africa, Nairobi, Kenya

Correspondence Email: swabraabdallahsoud@gmail.com

Cite: Soud, S. A., Muchara M., & Ndegwa J. (2025). Influence of Organizational Culture on Competitive Advantage of the Top 100 Medium-Sized Enterprises in Kenya. *African Journal of Business & Development Studies*,2*(1),605*-620. https://doi.org/10.70641/ajbds.v2i1.167

Abstract

While organizational culture is linked to competitive advantage, its specific configuration in high-performing SMEs in emerging economies remains poorly understood. This study addressed this gap by examining the role of organizational culture in enhancing competitive advantage among Kenya's top 100 medium-sized companies. Employing a descriptive cross-sectional design, the study collected data via a census approach from senior managers using an online questionnaire. Of the 407 questionnaires administered, 311 were fully completed and submitted. The research further utilized statistical methods, including correlation and regression analyses, via SPSS version 23 to analyze the data. The research revealed a compelling paradox: while the overall relationship between organizational culture and competitive advantage was positive and significant (β=0.590, t = 11.404, p < 0.05), the most compelling insight is that mission, involvement, and adaptability cultures emerged as critical drivers, while internal consistency, often considered a cornerstone of performance, showed no significant effect. The study concludes that the optimal path to competitive advantage for Kenyan SMEs is not a balanced cultural profile but rather a deliberate focus on these three core traits. These findings suggest that in volatile emerging markets, a premium is placed on strategic agility and empowerment over operational homogeneity.

Keywords: *Competitive advantage; Organizational culture; Consistency culture.*

Introduction

In today's dynamic and competitive business environment, the establishment and maintenance of a competitive advantage are essential for achieving long-term success and sustainability (Wang *et al.,* 2023). Without this advantage, enterprises face increased exposure to severe market pressures, consequently increasing their risk of failure (Wang & Wang, 2024). Therefore, firms must actively cultivate this advantage by aligning and leveraging core internal elements, with organizational culture being key to enhancing their competitive standing and thereby reducing the likelihood of failure (Nimfa *et al.,* 2021).

Competitive advantage is typically achieved through various strategies, such as delivering superior value to customers, optimizing operational costs to allow for more competitive pricing, establishing unique market positions that distinguish the firm, or integrating sustainability practices into their business operations (Bhuiyan *et al.,* 2023; Porter, 1985). These diverse strategies ultimately empower firms, including SMEs, to compete effectively, surpass competitors, and potentially dominate their respective markets (Hussein *et al.,* 2024).

In addition to these strategic pathways, the measurement of competitive advantage is essential for assessing a firm's position in the market. Common indicators include cost leadership, differentiation strategy, and focused market approaches (Porter, 1985). Additionally, the environmental, social, and economic dimensions of the Triple Bottom Line (TBL) framework are increasingly recognized as key indicators of competitive advantage in today's business landscape (Elkington, 1994). This holistic perspective, as advocated by Bartosiewicz and Kucharski (2024), provides a richer understanding of a firm's competitive standing by integrating environmental and social factors alongside economic considerations.

Although these indicators help assess a firm's competitive standing, understanding the underlying internal factors that influence competitive advantage is equally important. Among these elements, organizational culture stands out as particularly significant (Ali *et al.,* 2024). A strong culture facilitates the shared values and strategic orientations crucial for a firm's survival. Moreover, it empowers organizations to attain, sustain, and improve their competitive advantage while concurrently promoting their long-term growth (Nimfa *et al.,* 2021).

To provide a comprehensive understanding of how culture influences competitive advantage, a well-established theoretical framework is necessary. The Denison Model stands out as an invaluable framework for such a purpose. The model incorporates the four interrelated cultural dimensions of adaptability, involvement, mission, and consistency cultures. This study focuses on these dimensions as key indicators of organizational culture, which are instrumental in achieving market superiority by fostering innovation, driving efficiency, and ensuring market responsiveness (Ali *et al.,* 2024; Denison, 1990).

Existing research, largely conducted in stable Western economies, tends to treat the dimensions of high-performance cultures as universally positive. However, the institutional voids and rapid change characterizing many African economies may necessitate a reconfiguration of this cultural portfolio, where some traits become more salient and others less critical. This study, therefore, moves beyond establishing a direct relationship to unpack the differential effects of cultural traits. We theorize and test which specific dimensions of the Denison model constitute the core cultural architecture of competitive advantage for SMEs in a dynamic East African context.

Statement of the Problem

In the current dynamic business environment, it is important for firms to establish and maintain a competitive advantage to ensure their success and long-term sustainability. Its absence exposes firms, particularly small and medium-sized enterprises (SMEs), to severe market pressures that significantly increase their probability of failure (Wang *et al.,* 2023). This vulnerability is evident in the alarmingly high failure rates observed globally, with studies indicating that a majority of SMEs in both developed and developing economies fail within their first five years of operation (Kasema, 2023; Ma'aji *et al.,* 2023). This situation is even more pronounced in Kenya, where about 70% of SMEs do not survive within their first three years of operation (Otieno *et al.,* 2023). The high failure rate of businesses, often linked to difficulties in gaining and maintaining a competitive advantage, highlights a strong need to move beyond the usual challenges SMEs face. Therefore, the emphasis must be on identifying the specific cultural practices that enable successful firms to build their resilience and achieve competitive advantage (Nimfa *et al.,* 2021).

Although the central role of organizational culture and frameworks like the Denison Model in enhancing competitive advantage is well established globally, a significant knowledge gap persists regarding their specific application within the unique and often challenging context of the African SME sector. Furthermore, while existing research often highlights the challenges faced by these enterprises, there is limited understanding of the specific cultural practices that enable some SMEs in demanding environments, such as Kenya, to not only survive but also gain and maintain a competitive advantage. This lack of insight consequently hinders learning for other enterprises aiming for market leadership and enhanced competitive advantage (Kindström *et al.,* 2024).

To address the aforementioned research gaps, this study investigated the influence of organizational culture on the competitive advantage of Kenya's top 100 medium-sized enterprises. These firms have been acknowledged for their exceptional performance, strong financial stability, and market leadership (East Africa Top 100, 2019). The study further investigated the relationship between particular cultural dimensions, such as involvement, consistency, adaptability, and mission cultures, and competitive advantage within this group of high-performing organizations. By moving beyond broad generalizations, the research sought to offer specific and actionable insights. These insights will enable policymakers to create specific support for small and medium enterprises, assist business professionals in applying effective strategies, aid academics in developing relevant theories, and support industry stakeholders who want to promote the growth and sustainability of SMEs. Ultimately, these findings will contribute to a more comprehensive understanding of how SMEs can achieve and enhance their competitive advantage in a challenging business environment.

Literature Review

This section presents the theoretical, empirical, and conceptual framework that guided the research.

Theoretical Framework

This study employed a multi-faceted theoretical framework that integrated two key models: the Denison Model of organizational culture and the Triple Bottom Line (TBL) framework. This approach provides a comprehensive lens to examine how a firm's internal cultural traits influence competitive advantage.

To operationalize the concept of organizational culture, this study adopted the Denison Model. This framework, which has a strong research foundation, presents four interconnected cultural traits: mission, involvement, adaptability, and consistency (Denison, 1990). These traits served as the key indicators of organizational culture, as they are proven to significantly influence crucial organizational outcomes, such as firm effectiveness and competitive advantage. The model's emphasis on these distinct traits allowed for a deeper exploration of how different cultural dimensions contribute to a firm's success (Bartosiewicz & Kucharski, 2024). This research further integrated the Triple Bottom Line (TBL) framework to enhance the understanding and measurement of competitive advantage. The TBL framework underscores the integration of economic, social, and environmental sustainability practices into business operations. Previous studies show that these dimensions can improve a company's competitive advantage by promoting innovation and creating new avenues for growth (Bhuiyan *et al.*, 2023; Elkington, 1994).

In modern business, and especially in the context of emerging economies, a sustainable competitive advantage is no longer a purely economic concept. Instead, it is a multidimensional construct influenced by increasing institutional pressures and the expectations of a broader range of stakeholders (Bhuiyan *et al.*, 2023). Therefore, to align with this modern perspective, the TBL framework was adopted to argue that an enduring advantage for Kenyan SMEs is not merely economic but also hinges on social legitimacy and community embeddedness (Parmigiani & Rivera-Santos, 2015). This study, in alignment with this approach, deliberately operationalized competitive advantage using only the economic and social dimensions, a conscious choice based on a preliminary assessment of the sampled firms. This focused approach enabled an in-depth analysis of the factors most relevant to the strategic practices of the top-performing firms under investigation.

Hypotheses

Based on the need for strategic clarity in a complex environment, we hypothesize:
$H0_1$: Adaptability culture is positively related to competitive advantage.
$H0_2$: Involvement culture is positively related to competitive advantage.
$H0_3$: Mission culture is positively related to competitive advantage.
$H0_4$: Consistency culture is positively related to competitive advantage.

Empirical Review

This study examined existing literature to understand how organizational culture significantly enhances competitive advantage, thereby providing a foundation for the current investigation. For example, Balqis and Riyanto (2020) identified this direct positive effect of organizational culture on competitive advantage within the service and culinary sectors in Indonesia. In the tourism industry in Bali, organizational culture significantly influenced competitive advantage (Harahap *et al.*, 2024). They additionally observed that culture partially mediated the relationship between employee competence and competitive advantage. However, this specific mediating role fell outside the scope of the present study. Examining SMEs in Uganda, Prescah *et al.* (2018) found that mission and involvement cultures positively influenced competitive advantage. In contrast, they reported no significant impact from consistency and adaptability cultures.

In another study, Adekunle and Ogunleye (2019) established a significant positive relationship between corporate culture and competitive advantage among Nigerian SMEs. Their research particularly highlighted the importance of the Denison Model's dimensions, specifically mission, involvement, consistency, and adaptability, in enhancing competitive advantage.

Likewise, Odhiambo and Owuor (2020) demonstrated that organizational culture positively impacts the competitive advantage of SMEs in Kenya. Their investigation further emphasized the significance of cultural characteristics such as innovation, customer orientation, collaboration, strategic risk-taking, and adaptability. Nevertheless, while they highlighted these broad cultural components, the present research adopted a more specific approach. It investigated the influence of the four defined dimensions of the Denison Model on competitive advantage.

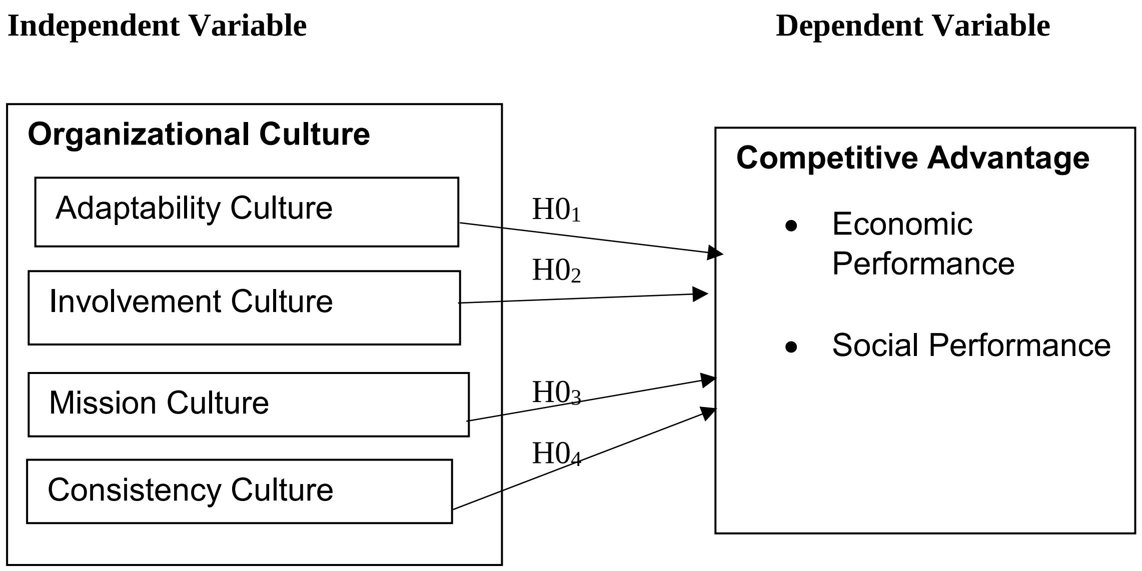
Therefore, a review of these studies suggests that while existing research highlights the importance of organizational culture in enhancing competitive advantage across diverse contexts, this study offers a distinct contribution. Beyond examining the direct relationship between organizational culture and competitive advantage, it further investigated how the Denison Model's dimensions specifically influence this advantage among high-performing Kenyan SMEs. The resulting insights will be particularly beneficial for stakeholders seeking to implement the findings.

Conceptual Framework

As evident from Figure 1, this study conceptualized organizational culture through the four essential dimensions of the Denison Model; that is, adaptability, involvement, mission, and consistency cultures. On the other hand, competitive advantage was operationalized using the economic and social dimensions of the Triple Bottom Line framework**.**

Figure 1:

Conceptual Framework



Methodology

The study employed a descriptive cross-sectional design, with data collected at a single point in time using a census technique. It targeted 407 senior managers within the 100 firms featured in the 2019 Kenyan Top 100 Mid-Sized Companies Survey. The focus on this pre-pandemic list of top-performing firms was a strategic choice. It allows for the investigation of the cultural foundations of resilience and sustained success, as "Top 100" status is a lagging indicator of long-term success and reflects robust, enduring organizational cultural traits. While acknowledging that the business environment has been radically transformed by the COVID-19 pandemic, economic shifts, and digital acceleration, this design limits the ability to generalize to the wider population of SMEs and introduces the possibility of survivorship bias.

The study therefore provides a crucial foundational baseline on the cultural traits that enhanced competitive advantage in a pre-pandemic context. It also offers a vital reference point for future research to explore how these same cultural elements will enable firms to adapt to and recover from subsequent market shocks and disruptions, ultimately helping them to sustain or enhance their competitive advantage. Of the original 100 firms, 94 were still operational and contactable, demonstrating a high degree of resilience within this cohort.

Building on this foundational design and the study's rationale, the researcher then proceeded with the data collection process by first conducting a pilot study to test and refine the research instrument and its associated procedures. Subsequently, an online questionnaire, distributed through Google Forms, served as the primary data collection tool. It featured a five-point Likert scale with items developed from existing literature. This online administration of the questionnaire was chosen due to COVID-19 pandemic restrictions that limited in-person interactions, further facilitating efficient data coding and the capturing of diverse senior management perspectives.

SPSS version 23 was utilized to analyze the data. The initial analysis involved summarizing the dataset using descriptive statistics, including means and standard deviations. To ensure the reliability of the composite constructs, their internal consistency was assessed using Cronbach's Alpha. Following these preliminary steps, the study proceeded with its primary analysis, applying Pearson's correlation and linear regression to explore the relationships between organizational culture and competitive advantage.

Ethical Considerations

The study was conducted with a strong commitment to ethical principles. To ensure full compliance with established standards and national regulations, the researcher first secured all required authorizations, including approval from the Institutional Review Board (IRB) at the United States International University-Africa and the National Commission for Science, Technology, and Innovation (NACOSTI) in Kenya. To safeguard the rights and well-being of all participants, the researcher implemented several key measures. Informed consent was obtained as a prerequisite for participation, ensuring all engagement was voluntary. To uphold confidentiality and anonymity, all personally identifiable information was removed from the survey responses, with findings presented exclusively in an aggregate form. Participants were also explicitly notified of their right to withdraw from the study at any point without adverse repercussions. Furthermore, all data was managed with the utmost confidentiality, stored in password-protected folders, and was exclusively accessible to the research team. The researcher also confirmed a complete absence of any conflicts of interest that could compromise the study's integrity. These strategies collectively ensured ethical compliance and participant welfare throughout the research process.

Results

Response Rate

A total of 407 questionnaires were distributed; of these, 311 were duly completed and returned, resulting in a response rate of 76.4%. This high rate enhances the representativeness and generalizability of the findings.

Descriptive Analysis of Cultural Dimensions

For each construct, descriptive statistics were calculated, including their means and standard deviations. With regard to adaptability culture, organizations reported a strong tendency to respond effectively to competitors and environmental changes (M=4.00, SD=0.321). This responsiveness was supported by the continuous adoption of new work methods by organizations (M=4.01, SD=0.345). Furthermore, customer input directly influenced organizational decisions (M = 3.95, SD = 0.373), demonstrating that employees understood customer wants and needs (M = 3.96, SD = 0.463). Regarding involvement culture, organizations indicated that most employees are highly committed to their work (M=3.93, SD=0.493) and there is a general belief in individuals' capacity to make a positive impact (M=3.94, SD=0.511). Cooperation across different organizational units is actively encouraged (M=3.95, SD=0.459), and teamwork is prioritized over hierarchy for task completion (M=3.91, SD=0.523). To further support employee empowerment, authority is delegated to foster autonomy (M=3.84, SD=0.499), alongside continuous investment in employee skills (M=3.82, SD=0.608).

With respect to mission culture, organizations reported being guided by a long-term purpose and having a clear direction (M=3.91, SD=0.540) and a mission that provides meaning and strategic direction (M=3.94, SD=0.510). Leaders also set ambitious yet realistic goals (M=3.93, SD=0.493) and continuously evaluated employees' progress against these goals (M=3.93, SD=0.543). Additionally, leaders demonstrated a long-term viewpoint (M=3.95, SD=0.451), and all employees generally shared a vision for the organization's future (M=3.90, SD=0.492). For consistency culture, organizations reported slightly lower mean scores. This was observed for items related to the ease of reaching consensus on difficult issues (M=3.79, SD=0.598) and achieving win-win solutions during disagreements (M=3.80, SD=0.618). Senior managers also reported ease in coordinating projects across different organizational units (M=3.85, SD=0.526). A comprehensive table of the aforementioned findings is appended in Appendix 1.

Reliability of Constructs

Prior to conducting the inferential analysis, the reliability of each construct was assessed using Cronbach's Alpha. The scores for each dimension were as follows: Adaptability Culture (α = 0.763), Involvement Culture (α = 0.784), Mission Culture (α = 0.871), and Consistency Culture (α = 0.793). All four constructs demonstrated high internal consistency, with scores well above the generally accepted threshold of 0.70. This finding indicates that the scales utilized to measure these cultural dimensions are statistically sound and reliable for further examination.

Inferential Analyses

As evident from Appendix 2, this study found that organizational culture had a statistically significant moderate positive correlation with competitive advantage [r (311) = 0.544, $p < 0.001$]. This association was examined using Pearson's correlation.

Linear regression was also utilized to examine the influence of organizational culture on competitive advantage within the Kenya's top 100 medium-sized enterprises. The findings presented in Table 1 indicated that organizational culture explained 32.0% of the variance in competitive advantage ($R^2 = 0.320$). The remaining 68.0% was attributed to other factors not included in this model, along with the error term.

Table 1

Summary of Regression Model Results

Model	R	Model Summary R Square	Adjusted R Square	Std. Error of the Estimate
1	.566a	.320	.311	.285

a. Predictors: (Constant), Organizational culture

Even though organizational culture explained 32% of the variance in competitive advantage ($R^2 = 0.320$), the relationship between these two factors is statistically significant [$F(4, 306) = 35.976$, $p < 0.05$], as shown in Table 2.

Table 2

ANOVA Results for Organizational Culture and Competitive Advantage

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.687	4	2.922	35.976	.000b
	Residual	24.852	306	.081		
	Total	36.539	310			

a. Dependent Variable: Competitive advantage
b. Predictors: (Constant), Organizational culture

Table 3 outlines the regression coefficients, indicating how each dimension of organizational culture affects competitive advantage among Kenya's top 100 medium-sized enterprises. The findings indicated that three of the four cultural dimensions had a statistically significant positive effect on competitive advantage. These dimensions were adaptability ($\beta = 0.132$, $t = 2.091$, $p < 0.05$), involvement ($\beta = 0.235$, $t = 2.995$, $p < 0.05$), and mission cultures ($\beta = 0.246$, $t = 2.876$, $p < 0.05$). More specifically, a one-unit improvement in adaptability culture corresponds with a 0.132-unit increase in competitive advantage. Similarly, a one-unit increase in involvement culture aligns with a 0.235-unit increase in competitive advantage. Mission culture, however, yields the most significant positive impact, corresponding to a 0.246-unit rise in competitive advantage. On the contrary, consistency culture ($\beta = 0.026$, $t= 0.430$, $p > 0.05$) was shown not to have a statistically significant effect on competitive advantage. Considering the magnitudes of these coefficients, mission culture (β=0.246) demonstrated the most significant positive effect on competitive advantage. It was closely followed by involvement culture (β=0.235), while adaptability culture (β=0.132) showed a comparatively lesser, though still positive, effect on competitive advantage. These findings suggest that for these leading Kenyan enterprises, cultivating a mission-driven culture is key in enhancing a firm's competitive advantage, with involvement and adaptability cultures also playing important roles.

Table 3

Regression Coefficients for Dimensions of Organizational Culture and Competitive Advantage

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	1.525	.231		6.613	.000
	Adaptability culture	.156	.075	.132	2.091	.037
1	Involvement culture	.225	.075	.235	2.995	.003
	Mission culture	.220	.077	.246	2.876	.004
	Consistency culture	.018	.042	.026	.430	.667
a. Dependent Variable: Competitive Advantage						

As evident from Table 4, the study revealed that organizational culture has a positive significant influence on the competitive advantage of the top 100 medium-sized enterprises in Kenya (β = 0.590, t = 11.404, $p < 0.05$). The following regression equation further expresses this relationship: Competitive Advantage = 1.654 + 0.590 (Organizational Culture) + ϵ. This equation indicates that a one-unit improvement in organizational culture corresponds to a 0.590-unit increase in competitive advantage. This finding affirms the significant influence of organizational culture in enhancing competitive advantage within these enterprises.

Table 4

Regression Results for Influence of Organizational Culture on Competitive Advantage

Coefficients Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.654	.203		8.166	.000
	Organizational culture	.590	.052	.544	11.404	.000
a. Dependent Variable: Competitive Advantage						

The role of Control Variables on the Relationship between Organizational Culture and Competitive Advantage.

To ensure the rigor and internal validity of the study, the analysis was controlled for several firm characteristics, including firm size, age, and industry sector. This analysis was done to account for potential confounding factors that might also influence competitive advantage. The primary objective of this step was to isolate the unique effect of organizational culture and to demonstrate that the observed relationship is not merely a byproduct of a firm's demographic or structural features.

The model summary, as detailed in Table 5, indicates that the predictors, comprising the organizational culture constructs and key firm characteristics, collectively explain 32.1% of the variance in competitive advantage ($R^2 = 0.321$). This suggests that while these variables are significant predictors, a substantial portion of the variance (67.9%) remains unexplained. This unexplained portion is attributed to other factors not included in the model, along with the error term.

Table 5

Summary of Regression Model Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.566[a]	.321	.305	.286

a. Predictors: (Constant), Industry Sector, Involvement Culture, Firm Size, Firm Age, Consistency Culture, Adaptability Culture, Mission Culture

Even though the predictors, including both organizational culture constructs and key firm characteristics, collectively explained 32.1% of the variance in competitive advantage ($R^2= 0.321$). Their relationship with competitive advantage, however, is statistically significant [$F(7,303)=20.433$, $p<0.05$], as shown in Table 6.

Table 6

ANOVA Results

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.717	7	1.674	20.433	.000[b]
	Residual	24.822	303	.082		
	Total	36.539	310			

a. Dependent Variable: Competitive Advantage

b. Predictors: (Constant), Industry Sector, Involvement Culture, Firm Size, Firm Age, Consistency Culture, Adaptability Culture, Mission Culture

As shown in Table 7, the analysis reveals that three cultural dimensions are statistically significant predictors of competitive advantage. Mission Culture (β=0.244, t=2.834, p<0.05) emerged as the strongest predictor, highlighting the importance of a clear and shared strategic direction. This was closely followed by Involvement Culture (β=0.233, t=2.956, p<0.05), indicating that a culture promoting employee commitment and empowerment is crucial. Lastly, Adaptability Culture (β=0.133, t=2.093, p<0.05) also proved to be a significant predictor, underscoring the value of flexibility and responsiveness. In contrast, Consistency Culture (β=0.028, t=0.456, p>0.05) was not found to be a significant predictor, suggesting that a focus on rigid internal systems does not directly boost competitive advantage in this context. Similarly, the control variables, namely Firm Age (β=0.000, t=0.004, p>0.05), Firm Size β=0.023, t=0.475, p>0.05), and Industry Sector (β= -0.014, t= -0.301, p>0.05), also showed having no significant impact on the dependent variable.

The analysis revealed that while mission, involvement, and adaptability cultures were all significant predictors of competitive advantage, the control variables, namely, Firm Age, Firm Size, and Industry Sector, showed no significant effect. This is a critical finding, as it provides compelling evidence that the relationship between organizational culture and competitive advantage is robust and not spurious. It strengthens the study's core argument: a firm's internal cultural traits, rather than its external or structural characteristics, are the dominant drivers of competitive advantage. This outcome highlights that for Kenyan SMEs, cultivating a specific cultural profile that emphasizes strategic clarity, employee engagement, and agility is a more potent strategic asset in enhancing competitive advantage than relying on demographic or structural features.

Furthermore, the lack of a significant effect for Consistency Culture offers a crucial, paradoxical insight. While a balanced cultural profile is often seen as a cornerstone of performance, our findings suggest that a focus on rigid, internally consistent systems does not directly contribute to competitive advantage in this context. This implies that in the dynamic and volatile market of an emerging economy, a premium is placed on strategic agility and empowerment over strict operational homogeneity. These finding challenges conventional wisdom and provides a new theoretical lens for understanding the optimal cultural configurations for high-performing SMEs in emerging markets.

Table 7

Regression Coefficients

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.516	.246		6.173	.000
	Adaptability Culture	.158	.075	.133	2.093	.037
	Involvement Culture	.223	.076	.233	2.956	.003
	Mission Culture	.219	.077	.244	2.834	.005
	Consistency Culture	.019	.042	.028	.456	.649
	Firm Age	5.713E-005	.015	.000	.004	.997
	Firm Size	.008	.017	.023	.475	.635
	Industry Sector	-.003	.011	-.014	-.301	.764

Coefficients[a]

a. Dependent Variable: Competitive Advantage

Discussion

Our most striking finding is the non-significant relationship between consistency culture and competitive advantage. This challenges a core tenet of the Denison model and suggests an important boundary condition. We propose that in the Kenyan context, characterized by institutional volatility and rapid market changes, a strong emphasis on consistency defined by consensus, coordination, and integration may be misconstrued as bureaucratic inertia. For these agile SMEs, the ability to pivot (adaptability) driven by a clear purpose (mission) and empowered teams (involvement) may be the paramount cultural driver, potentially even at the expense of seamless internal consistency.

The study found that these three dimensions, namely, mission, involvement, and adaptability, each had a significant positive effect on competitive advantage. This outcome emphasizes the essential role of a well-defined sense of purpose and clear strategic direction. Moreover, the significant effect of involvement culture highlights the importance of employee participation, collaboration, and empowerment. Similarly, adaptability culture demonstrated a significant effect on competitive advantage, stressing the value of flexibility and responsiveness to changes in market conditions. Collectively, these results demonstrate that organizational culture as a whole significantly influences the competitive advantage of Kenya's top medium sized firms.

These results align with the findings of Balqis and Riyanto (2020), whose research reinforced the primary conclusion concerning the positive impact of organizational culture on competitive advantage within the Indonesian service and culinary sectors. In another study by Harahap *et al.* (2024) in Bali's tourism industry found that organizational culture influenced competitive advantage. Their study also revealed that culture partially mediated the relationship between employee competence and competitive advantage, a role not explored in the current investigation. Nonetheless, our findings also demonstrate key points of divergence, which highlight the context-dependent nature of cultural effectiveness. For instance, Adekunle and Ogunleye's (2019) study on Nigerian SMEs found that all four dimensions of the Denison model are crucial for enhancing competitive advantage, whereas our research found significant impacts only for mission, involvement, and adaptability cultures.

A comparative viewpoint also arises from Prescah *et al.'s* (2018) examination of Ugandan tourism and hospitality SMEs, which found no significant effect for consistency and adaptability cultures. The study's results also align with those from Odhiambo and Owuor (2020) concerning SMEs in Kenya. Their investigation highlighted the importance of cultural characteristics like innovation, customer orientation, collaboration, strategic risk-taking, and adaptability. However, a key distinction is that this current study specifically focused on how the four dimensions of the Denison organizational culture model influenced competitive advantage. These alignments and divergences of the aforementioned findings from various researchers underscore the contingent nature of cultural effectiveness. Thus, our primary contribution is to refine the theory of organizational culture and performance by demonstrating that the efficacy of cultural traits is not universal but is contingent on the institutional context. We provide empirical evidence that in dynamic emerging economies, the cultural portfolio for competitive advantage may be reconfigured, privileging flexibility over uniformity.

Limitations and Future Research

This study is subject to several limitations that could be addressed in future research. First, the sample was derived from a list of top-performing firms from 2019, which may not fully reflect recent market and strategic dynamics, particularly in the wake of the COVID-19 pandemic. Future researchers can address this limitation by utilizing a more recent and updated sample of top-performing firms. To capture a clearer picture of how firms have adapted over time and to establish a causal relationship between organizational culture and competitive advantage, future studies should employ a longitudinal design. This would allow researchers to track changes over time. Additionally, researchers in similar contexts could explore other variables not included in this study, such as leadership style and innovation capacity, to provide a deeper understanding of the factors influencing a firm's competitive position. These variables were chosen because leadership is a key factor that shapes an organization's culture, and in turn, a strong culture of adaptability and involvement directly impacts a firm's ability to innovate, which is a major driver of competitive advantage.

Conclusion

In conclusion, our study suggests that the path to competitive advantage for Kenyan SMEs is not through a balanced cultural profile but through a focused emphasis on a triad of traits: strategic clarity (mission), human capital empowerment (involvement), and market responsiveness (adaptability). In addition, the non-significant findings for both consistency culture and the firm's characteristics, namely, age, size, and industry, are a crucial outcome that demonstrates the rigor of our analysis. These results act as a vital boundary condition, indicating that neither a firm's demographics nor its internal uniformity are the primary drivers of competitive advantage in this context. Therefore, firms should strategically prioritize the development of this specific combination of dynamic and people-focused cultural traits, as it appears to be the most effective long-term asset for enhancing competitive advantage.

Recommendations

To enhance the competitive advantage of Kenyan SMEs, this study offers several key recommendations for business leaders and policymakers. First, cultivating a strong mission culture characterized by a clear purpose and strategic direction is essential. It guides decision-making, aligns employee efforts, and provides a distinct identity, which significantly enhances competitive advantage. Second, fostering a culture of involvement, marked by active employee participation and teamwork, is crucial for leveraging collective talent, thereby enhancing competitive advantage and driving overall organizational success. Furthermore, developing and nurturing an adaptability culture by enabling flexibility and responsiveness to the dynamic Kenyan market will empower firms to effectively navigate change and capitalize on emerging opportunities. For practitioners, our findings suggest that while operational efficiency is important, leaders should be wary of over-investing in building a culture of consensus and harmony if it comes at the cost of speed and empowerment. The goal should be a 'minimum viable process' that enables, rather than dictates, action. Therefore, these insights advocate for a strategic cultural development approach that emphasizes mission, involvement, and adaptability to enhance a firm's competitive advantage.

References

Adekunle, O., & Ogunleye, O. (2019). The impact of corporate culture on the competitive advantage of small and medium scale enterprises in Nigeria.*Journal of Business and Management*, *21*(12), 1–12.

Ali, A., Davis, E., Martinez, C., & Brown, L. (2024). The role of organizational culture in diving innovation and competitive advantage. *International Journal of Management, Business, and Economics*, *1*(1), 1–6.

Balqis, B., & Riyanto, S. (2020). The effect of work culture and competitive advantage on the performance of culinary and service companies during the COVID-19 pandemic. *International Journal of Innovative Science and Research Technology*, *5*(6), 547–550.

Bartosiewicz, A., & Kucharski, A. (2024). Indicators of port sustainability: The example of Baltic Sea container ports. *Sustainable Development*, *32*(3),2371–2384. **https://doi.org/10.1002/sd.2783**

Bhuiyan, F., Rana, T., Baird, K., & Munir, R. (2023). Strategic outcome of competitive advantage from corporate sustainability practices: Institutional theory perspective from an emerging economy. *Business Strategy and the Environment*, *32*(7), 4217–4243.**https://doi.org/10.1002/bse.3362**

Denison, D. (1990). *Corporate Culture and Organizational Effectiveness*. New York, NY: John Wiley & Sons.

East Africa Top 100. (n.d.). *East Africa Top 100*. Retrieved June 19, 2024, from https://eastafricatop100.com/

Elkington, J. (1994). Towards the sustainable corporation: Win-win-win business strategies for sustainable development. *California Management Review*, *36*(2), 90–100. https://doi.org/10.2307/41165746

Harahap, M. A. K., Pratama, I. W. A., Diwyarthi, N. D. M. S., & Harsono, I. (2024). The effect of employee competence and organizational culture on competitive advantage in the tourism industry in Bali. *West Science Interdisciplinary Studies*, *2*(3), 622–629.

Hussein, H., Albadry, O. M., Mathew, V., Al-Romeedy, B. S., Alsetoohy, O., Abou Kamar, M., & Khairy, H. A. (2024). Digital leadership and sustainable competitive advantage: leveraging green absorptive capability and eco-innovation in tourism and hospitality businesses. *Sustainability*, *16*(13), 1–21. **https://doi.org/10.3390/su16135371**

Kasema, R. (2023). Key failure factors of start-up women owned SMEs in service sector in Kigali: A principal component analysis approach. *Vilakshan – XIMB Journal of Management*, *20*(2), 223–232. https://doi.org/10.1108/XJM-07-2021-0193

Kindström, D., Carlborg, P., & Nord, T. (2024). Challenges for growing SMEs: A managerial perspective. *Journal of Small Business Management*, *62*(2), 700–723. https://doi.org/10.1080/00472778.2022.2082456

Ma'aji, M. M., Shrubsall, R. S., & Anderson, E. O. (2023). Determinants of SME success or failure in frontier markets. *International Journal of Banking and Finance*, *18*(1), 1–30. https://doi.org/10.32890/ijbf2023.18.1.1

Nimfa, D. T., Latiff, A. S. A., Wahab, S. A., & Etheraj, P. (2021). Effect of organizational culture on sustainable growth of SMEs: mediating role of innovation competitive advantage. *Journal of International Business and Management*, *4*(2),1–19. https://doi.org/10.37227/JIBM-2021-01-156

Odhiambo, J., & Owuor, J. (2020). The impact of corporate culture on the competitive advantage of small and medium enterprises in Kenya. *Journal of Business and Management*, *22*(1), 1–12.

Otieno, A. O., Weda, C., & Olweny, T. (2023). Influence of demographic factors on the financial performance of small and medium-sized enterprises in Kajiado County, Kenya. *Reviewed Journal International of Business Management*, *4*(1), 186-202.

Parmigiani, A., & Rivera-Santos, M. (2015). Sourcing for the base of the pyramid: Constructing supply chains to address voids in subsistence markets. *Journal of Operations Management*, *33*, 60–70. https://doi.org/10.1016/j.jom.2014.10.007

Porter, M. E. (1985). *Competitive Advantage: Creating and Sustaining Superior Performance*. New York, NY: Free Press.

Prescah, F. M., Hadijah, N., Gorret, K., & Robert, M. (2018). Corporate culture as a tool for competitive advantage of small and medium enterprises in Uganda: A case study of the tourism and hospitality sector. *Scholars Journal of Economics, Business and Management*, *5*(10), 972–976.

Wang, K., & Wang, T. (2024). Competition from informal firms and new-to-market product innovation: A competitive rivalry framework. *Journal of Product Innovation Management*, *41*(4), 816–842. **https://doi.org/10.1111/jpim.12712**

Wang, W., Zhang, D., Wang, H., Zhu, Q., & Morabbi Heravi, H. (2023). How do businesses achieve sustainable success and gain a competitive advantage in the green era? *Kybernetes*, *52*(9), 3241–3260. https://doi.org/10.1108/K-07-2021-0614

Appendices

Appendix 1 Descriptive Statistics: Means and Standard Deviations for Organizational Culture

Items	N	Mean	Standard Deviation
Adaptability Culture			
The organization demonstrates strong responsiveness to both competitors and shifts within its operating environment.	311	4.00	0.321
This organization continuously adopts new and improved work methods.	311	4.01	0.345
Customer input directly informs organizational decisions.	311	3.95	0.373
Employees clearly understand customer needs and wants.	311	3.96	0.463
Involvement Culture			
Most employees are deeply committed to their work.	311	3.93	0.493
Within this organization, there is a collective belief in each individual's capacity to make a positive impact.	311	3.94	0.511
The organization actively fosters cooperation between its various departments.	311	3.95	0.459
Work completion in this organization prioritizes teamwork over hierarchical structures.	311	3.91	0.523
Delegation of authority enables employees to make independent decisions.	311	3.84	0.499
The organization continuously invests in employee skill development.	311	3.82	0.608
Mission Culture			
Guided by a clear, long-term vision**,** the organization operates with a distinct purpose.	311	3.91	0.540
For an organization, a well-defined mission serves to provide both meaning and strategic direction to its operations.	311	3.94	0.510
Leaders establish goals that are both ambitious and attainable.	311	3.93	0.493
Leaders consistently monitor employee progress in relation to established goals.	311	3.93	0.543
A long-term vision guides leaders.	311	3.95	0.451
All employees align around a common vision for the organization's future state.	311	3.90	0.492
Consistency Culture			

Items	N	Mean	Standard Deviation
Achieving consensus, even on challenging issues, is readily achieved.	311	3.79	0.598
In instances of disagreement, the firm achieves win-win solutions.	311	3.80	0.618
Project coordination across diverse organizational units is readily achieved.	311	3.85	0.526

Appendix 2: Correlation between Organizational Culture and Competitive Advantage

		Organizational Culture	Competitive Advantage
Organizational Culture	Pearson Correlation	1	544**
	Sig. (2-tailed)		.000
	N	311	311
Competitive Advantage	Pearson Correlation	544**	1
	Sig. (2-tailed)	.000	
	N	311	311

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