

**THE INFLUENCE OF MARKETING AUDIT IN PARASTATALS  
PERFORMANCE: A CASE OF KENYA POWER COMPANY.**

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**D53/OL/14003/05**

**A Research Report Submitted In Partial Fulfillment of the Requirements for the  
Award of the Degree of Master of Business Administration (Marketing) of  
Kenyatta University**

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**DECLARATION**

I hereby declare that the research project is a product of my own effort and has not been presented by any other party to any other examination body.

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## DEDICATION

This project is dedicated to my daughter Mary Elsie Achieng, son, Joseph Baraka Omuga. I can't forget my dear parents, the late Lieutenant Colonel Joseph Omuga Odote and my mother Mary Achieng Odote.

## ACKNOWLEDGEMENT

This research project has been successful due to the efforts of various people. I want to acknowledge all the people who gave a hand to the success of this project. I would however especially thank those who directly contributed to the preparation of this project. Many thanks go to my supervisor Mr Chrispen Maende whose supervision and guidance has helped me a lot. I feel indebted to my lecturers in Kenyatta University whose efforts pushed me through the course. I would also like to thank the management and staff of KPC for allowing me to do a study in their organization.

## ABSTRACT

The study was on the effects of marketing audit on the performance of parastatals. It was done in Kenya Power Company. The objectives of the study were to establish how marketing environment audit affects the performance of Kenya power Company, to determine how marketing strategies audit affect the performance of Kenya power Company, to investigate how marketing systems audit affects the performance of Kenya power Company and to find out how marketing function audit affects the performance of Kenya power Company. The study will be of great help to the management of Kenya power Company. They will be able to appreciate the importance of marketing audit. They will be able to strengthen their marketing audit activities. This will make them able to identify opportunities and identifying threats and weaknesses. They will therefore become more competitive, profitable and successful, their sales volume will grow. The customers of the company will also get better services as a result. The study will also form a basic for future researchers. The researcher adopted descriptive survey. He used simple random sampling techniques. Questionnaires were the main instrument for data collection. The questionnaires had both closed ended and open ended questions. Open ended questions were used to collect qualitative data while closed ended questions were used to collect quantitative data. The questionnaires were tested on a sample of respondents check on their reliability and validity. Data was analyzed using descriptive statistics. The findings were presented in tables, pie charts and graphs. From the findings it can be concluded that marketing environment audit increases sales revenue to a very great extent, increases profitability to a very great extent, increases market share to a very great extent and increases share price to a large extent. From the findings of this study it can be deduced that marketing strategy audit leads to improved sales revenue to a very great extent, increased profitability to a very large extent, increases market share to a great extent and improves share price to a very large extent It can also be concluded that marketing organization audit leads to improved sales revenue to a very great extent, increased profitability to a very large extent, increases market share to a great extent and improves share price to a very large extent.. Marketing function audit leads to improved sales revenue to a very great extent, increased profitability to a very large extent, increases market share to a great extent and improves share price to a very large extent. . It can therefore be concluded that by the firm adopting audit it has been able to change its distribution through rural electrification and other methods. This has made the company grow in market share , sales revenue sales volume and share price and there fore profits. The researcher would like to recommend to the management of KPC to establish a permanent Management Information System department to be scanning the environment on a continuous basis. They should recruit a professional staff to be manning department. They should do a thorough customer analysis to find out all the other factors that affect consumption behavior of clients. This will enable them to know the exact needs of the clients so that they will be able satisfied them by offering appropriate products. They should also do a competitor analysis so as to know their objectives, strategies strengths and weaknesses as these are likely to hinder the achievement of their plans this will enable them to have better strategies to make them more competitive. The study was on the influence of Marketing Audit on the performance of parastatals. Other researchers should do studies to determine the influence of Marketing Audit on the performance of manufacturing organizations.

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## DEFINITION OF OPERATIONAL TERMS

- Marketing environment audit –** The examination of both the external and internal environment of an organization.
- Marketing strategy audit -** This is the examination of how the organization is carrying out its marketing activities.
- Marketing system audit –** This is the examination of how the companies marketing systems are operating.
- Marketing function audit –** This is checking whether the companies products, pricing, Distribution.

## ABBREVIATIONS /ACRONYMS

**KIM** – Kenya institute of management

**FMCG**- Fast moving consumer goods

**IV** –Independent variables

**DV** – Dependent variables

**KPC**- Kenya Power Company

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

#### Marketing Audit

Marketing audit is still ignored by companies and business managers due to the fact that many marketing managers conceive the marketing audit as a profusion of checklists and as a distraction from the current creative process that is at the heart of marketing functions. (Mylonakis, 2003). The benefits of using the marketing audit and implementing its recommendations lie in perceptions of its ability to influence a change in business performance (Clark, Abela, and Ambler 2006). Thus, it is important to be clear whether and how marketing audits influence the business performance. Since the marketing audit must be considered as a comprehensive review and appraisal of the total marketing operation, it requires a systematic and impartial review of a company's recent and current operations and its marketing environment (Zikmund and D'Amico, 2000). However, the scope of audit depends on the cost involved, the target markets served and its marketing environment (Mylonakis, 2003). It is necessary to explore how these environmental conditions influence the issues selected and the activities implemented for the marketing audit so as to have an insight into what are exactly the company's considerations when marketing audits are implemented. Although the marketing audit has been used since its introduction to marketing management process, there is no evidence of the empirical validation of its practice and usefulness.

The marketing audit was described as a systematic, critical, and impartial review of the total marketing operation; of the basic objectives and policies of the operation and assumptions that underlie them; and the methods, procedures, personnel, and organization employed to implement the policies and achieve the objectives (Shuchman, 1959). Kotler et al. (1977) refined the marketing audit concept into a comprehensive, systematic, independent, and periodic examination of a company's or SBU's strategies, objectives, activities, and environment, designed to reveal problems and opportunities, and to recommend actions that would improve the company's marketing performance. The refined audit model identified six proposed components of the marketing audit, and advocated the use of a standard set of procedures. Kotler et al.'s six proposed marketing

audit components included; the market environment audit, consisting of analyses of both the macro environment and the task environment; the marketing strategy audit, to assess the consistency of marketing strategy with environmental opportunities and threats; the marketing organization audit, designed to assess the interactions between the marketing and the sales organization; the marketing systems audit, to evaluate procedures used to obtain information, plan and control marketing operations; the marketing productivity audit, assessing accounting data to determine optimal sources of profits, as well as potential cost savings; and the marketing function audit, reviewing key marketing functions based primarily on prior audit findings. As we can see, the first two components, that is marketing environment audit and marketing strategy audit which refer to the processes of auditing for marketing planning. The rest of the components concern the auditing for marketing execution.

However, from conceptual and practical perspectives, the marketing audit has many significant problems including the lack of suitably qualified independent auditors (Kotler et al., 1977), gaining management cooperation from within marketing (Capella and Seckely, 1978), information availability (Rothe et al., 1997), sufficient communication with top managers to ensure access and understanding of information (Bonoma, 1985). Meanwhile, the marketing audit is also criticized for disconnecting from the overall control system (Brownlie, 1993); periodic rather than ongoing assessments of marketing performance (Kotler et al., 1977); and application with the objective of defining problems but not necessarily providing insights into solutions (Wilson, 1980). As a result, the used measurement approaches of marketing audit have been primarily qualitative checklists, with little empirical validation (Rothe et al., 1997; Morgan et al., 2002).

Hostile marketing environments characterized by intense competition and lack of exploitable opportunities, and dynamic market environments characterized by rapid technological advancements and rapidly changing consumer preferences, are considered to have a significant influence on business performance (Covin and Slevin 1989; Gray et al. 1998; Jaworski and Kohl 1993; Low 2000; Rust, Ambler, Carpenter, Kumar & Srivastava 2004; Slater and Narver 1994). According to structure-conduct-performance (SCP) model (Mason, 1939; Bain, 1954), market structure affects market conduct, which in turn affects marketing performance. This means that industry characteristics affect market conduct (e.g., production and pricing strategies, research and innovation, pricing behavior, advertising) because these different industry characteristics can be logically organized, analyzed and put into considerations to improve the efficiency and effects of

market conduct by skillful marketers. Clearly, the desire to be competitive in such environmental conditions may provide the impetus for organizations to implement marketing audits to ensure the marketing executives have adequate environmental information for market conduct, planning and allocating resources properly to different markets, products, territories and marketing tools. Environment has been defined as a multidimensional concept (Egeren and O'Connor, 1998); that is, objects external to the organization (customers, suppliers, competitors) and attributes of the external environment (complexity, dynamism, munificence); or managerial perceptions of uncertainty. Following Egeren and O'Connor's (1998) approach, this study define environment in terms of marketing manager's perceptions of the munificence and dynamism attributes. Environmental munificence refers to environmental capacity which permits organizational growth and stability. In environments low in munificence, competition increases (Dess and Beard, 1984; Porter, 1980).

Dynamism is the degree of change or market stability. Overall, the reason why market environment characteristics may influence marketing audits is because marketing audits provide the marketing management with programmed appraisals and critical evaluations of the environmental analysis and help ensure marketing management identifies opportunities and threats from markets. Since the beginning of the 1990s significant research has been conducted into the extent to which firms in various sectors efficiently use marketing approaches and the relationship between marketing tools utilization and the firm's performance. Many companies feel that their operations need regular reviews and overhauls but do not know how to proceed. Some companies simply make many small changes that are economically and politically feasible, but fail to get the heart of the matter. One of the potential steps forward in their efforts is to concentrate on systematic marketing audit. Marketing audit as an idea dates back to the early fifties.

As for whether the marketing audit has reached a high degree of methodological sophistication, the answer is generally no. Whereas two certified accountants will handle an audit assignment using approximately the same methodology, two marketing auditors are likely to bring different conceptions of the auditing process to their tasks. According to Phillip Kottler, (1999), Companies that discover weaknesses should undertake a thorough study known as marketing audit. Marketing audit is a comprehensive, systematic, independent, and periodic examination of a company or

business units marketing environment, objectives, strategies, and activities with a view to determining problem areas and opportunities and recommending a plan of action to improve the company's marketing performance. Marketing audit is comprehensive, systematic, independent and periodic. It is comprehensive because it covers all the major marketing activities of a business, not just a few trouble spots. It would be called functional audits if it covers only the sales force, pricing, or some other marketing activities. Although functional audits are useful, they sometimes mislead management. Declining sales turnover, for example could be a symptom not of poor sales force training or compensation, but of weak company products and promotion. A comprehensive marketing audit usually is more effective in locating the real source of marketing problems.

It is systematic because it is an orderly examination of the organization's macro and micro marketing environment, marketing objectives and strategies, marketing systems, and specific activities. The audit indicates the most needed improvements, which are then incorporated into a corrective action plan involving both short run and long run steps to improve overall marketing effectiveness. Marketing audit can be conducted in six ways: self-audit, audit from across, audit from above, company auditing office, company task force audit, and outsider audit. Self audit in which managers use a checklist to rate their own operations, lack objectivity and independence. The best audits come from outside consultants who have the necessary objectivity, broad experience in a number of industries, some familiarity with the industry being audited, and undivided time and attention to give to the audit. It is periodic because it is initiated only after sales have turned down, sales force morale has fallen and other problems have occurred. Companies are thrown into crisis partly because they failed to review their marketing operation during good times. A periodic marketing audit can benefit companies in good health as well as those in trouble.

A marketing audit starts with a meeting between the company officers and the marketing auditors to work out an agreement on the audit objectives, coverage depth, data sources, report formats and time frame, Carolyn Bruiker, (2007). A detailed plan as to who is to be interviewed, the questions to be asked, the time and place of contact and so on are prepared so that auditing time and cost are kept to a

minimum. The cardinal rule in marketing auditing is don't rely solely on company managers for data and opinion. Customers, dealers, and other outside groups must also be interviewed. Many companies do not really know how their customers and dealers see them, nor do they fully understand customer needs and value judgment.

Companies can use another instrument to rate their performance in relation to the best practices of high performance businesses. Management can place a check on each line as to its perception of where the business stands. The resulting profile exposes the business weaknesses and strengths, highlighting where the company might move to become a truly outstanding player in the market place. Companies need to evaluate whether they are truly practicing ethical and socially responsible marketing. Business success and continually satisfying the customer and other stakeholders are intimately tied to adoption and implementation of high standards of business and marketing conduct. The most admired companies in the world abide by a code of serving peoples interests not only their own. Business practices are often under attack because business situation routinely pose tough ethical dilemmas. Clearly the company's bottom line cannot be the sole measure of corporate performance: ethical issues must be dealt with in many aspect of its business. There are selling issues such as bribery or stealing trade secrets; advertising issues such as false and deceptive advertising; channel issues such as exclusive dealing and tying agreements; product issues such as quality and safety, warranties, and patent protection; packaging issues such as accurate labeling and use of scarce resources; price issues such as price fixing, discrimination, and resale price maintenance and competitive issues such as barriers to entry and predatory competition.

### **Kenya Power Company**

Kenya Power Company was initially Kenya Power and Lighting Company. Kenya Power and Lighting Company Limited (KPLC) is a limited liability company, which was incorporated in 1922 as the East African Power & Lighting Company (EAP&L). The company changed to (Kenya Power & lighting Company Limited) in 1983. KPLC is a limited liability company which transmits, distributes and retails electricity throughout Kenya. The majority shareholder in KPLC is the government of Kenya and its institution, while the remainder is owned by private shareholders. The Vision

Statement is “To achieve world class status as a quality service business enterprise, so as, to be the first choice supplier of electrical energy in a competitive environment.” The Mission Statement is “To efficiently transmit and distribute high quality electricity throughout Kenya at cost effective tariffs; to achieve the highest standards of customer service.

The company is a national electric utility company, managing electric metering, licensing, billing, emergency electricity service and customer relations<sup>1</sup> KPC headquarters are at Stima Plaza, Kolobot Road in Parklands, Nairobi; it operates many offices throughout Kenya. Kenya power also has a training school which is based at Thika Road opposite Utalii college which offers many courses on electrical, electronic, installation, overhead line construction and technicians with a big library which houses all material covers electrical and electronic courses and other two libraries for technical and executive purposes.

KPC owns the entire distribution network in Kenya. Most of the transmission system and some generation capacity are 130 mega watts. It is a limited company responsible for the transmission, distribution and retail of electricity throughout Kenya. KPC owns and operates the national transmission and distribution grid and retails electricity to more than 1, 200,000 customers throughout the year and ensures there is adequate line capacity to maintain supply and electricity throughout the country. KPC has a staff of 6500 employees. KPC field staff plays a major role in the company and are responsible for distribution of bills, monitoring connection and reconnection of disconnected meters and maintenance of supply throughout the country.

The marketing function was initially part of the distribution and customer service department. Distribution department separated with customer service department in 2007. The marketing function is incorporated into the service department. The purpose of this study is to investigate how the practice of marketing audit has affected the performance of parastatals.

## 1.2 Statement of the problem.

KPC has suffered from complacency because of the monopoly status they have enjoyed; not noticing the danger of being vulnerable to the suppliers of alternative energy, who are enjoying a lot of United Nations support. Kenya is currently experiencing the proliferation of alternative energy sources which are being embraced as a result of environmental concern. The utilization of solar energy, biogas, wind energy and others have made other players to invade the Kenyan market which, initially, was solely served by Kenya Power and Lighting Company. The attainment of Millennium Goal 7 on environmental sustainability touches on provision of clean energy, an important option for Kenya. They stress the use of renewable energy which include biomass, solar, Geothermal, tidal waves, wind, mini and micro hydro power. This has provided an opportunity for companies that have posed stiff competition to KPC.

The Companies include Chloride Exide, Jatropa, Lake Turkana Wind Power, Ngong Wind Farm, Croton in Kieni and Aggreko. Because of globalization, the market is more and more open, and the competition has become increasingly fierce. Because local companies are facing the competition of the foreign enterprises with advanced marketing ideas, the enterprises are struggling to deal with them. Recently, with the outbreak of the international financial crisis, comparing with the foreign enterprises armed with advanced marketing audit ideas and great ability in marketing, KPC's defects and shortcomings undiscovered in the high-development phase exposes gradually. Now it cannot be with any delay to meet their requirement for guidance with advanced marketing ideas. Consumers' change of tastes and preferences, accelerating technological breakthroughs, and the increasing intensity of competition in many and especially growing industries necessitated a change of attitude and direction by KPC to incorporate more attacking and defensive measures in the planning and implementation of their marketing efforts.

Kenya Power Company has experienced problems because their marketing environment objectives strategies and activities have either not been examined at all or have been examined poorly. This has made them suffer in the hands of the competition. They have as a result lost market share profitability and sales volume. In addition it has made them not to detect the problem areas and opportunities. The

company has not been able to properly understand how it relates to the environment in which it operates. It has not been able to appropriately identify its strengths and weaknesses as they relate to the external opportunities and the threats. This has resulted in the company not being able to select a position in the environment based on known factors. Lack of the use of marketing audit has also made it hard for the company to detect on time when things go wrong. Sometimes they end up treating the wrong symptoms. The treatments may not be effective if there are more fundamental problems. Lack of marketing audit has made them formulate unrealistic objectives. KPC have also used inappropriate strategies to serve the market because of failure to do marketing audit. KPC therefore has a reason to worry. They have therefore to re examine their marketing activities if they are to remain the market leaders. They have done this by using marketing audit. If marketing audit is done it helps the marketing auditors to recommend a plan of action to improve the companies marketing performance. Kenya power and lightening company has decided to carry out marketing audit periodically. The researcher therefore aimed to find out how marketing audit has affected the marketing performance of Kenya power and lighting company.

### **1.3 Research objectives**

#### **1.3.1 General objective**

To investigate the influence of marketing audit in parastatals, a case study of Kenya power Company.

#### **1.3.2 Specific objectives**

- i. To establish how marketing environment audit influences the performance of Kenya power company.
- ii. To determine the ways in which marketing strategy audit influences the performance of Kenya power Company.
- iii. To investigate how marketing organization audit influences the performance of Kenya Power Company.

- iv. To find out how marketing function audit influences the performance of Kenya Power and Company.

#### **1.4 Research questions**

- i. How does marketing environment audit influence the performance of Kenya Power Company?
- ii. In what ways does marketing strategy audit influence the performance of Kenya Power Company?
- iii. What are the influences of marketing organization audit on the performance of Kenya Power Company?
- iv. How does marketing function audit influence the performance of Kenya Power Company?

#### **1.5 Significance of the study**

Being a parastatal, the study will help the government to formulate energy policies that will aid in improving the performance of KPC. The management of Kenya power and lightening company will be able to appreciate the importance of marketing audit. They will be able to strengthen their marketing audit activities. This will make them able to identify opportunities and identifying threats and weaknesses. They will therefore become more competitive, profitable and successful, their sales volume will grow. The customers of the company will also benefit from the findings by knowing how the company will better serve them. The study will also form a basis for future research for researchers.

#### **1.6 Assumptions of the study**

The study was based on the assumption that all employees in the marketing department would give sincere and correct information. It was also based on the assumption that the records given by the marketing department would be accurate and reliable. It also assumed that the respondents from different levels of management would not give divergent views about marketing audit. Marketing audit positively affects the marketing performance of parastatals. All the marketing staff is conversant

with the scope of marketing audit. The marketing department understands the importance of marketing audit for the good performance of parastatals. Marketing audit is practiced regularly in the parastatal.

### **1.7 Limitations and scope of the study.**

The study was limited in the scope to the effects of marketing audit on the performance of Parastatals. It was done in only a few branches of Kenya Power and Lighting Company; therefore the findings may not be generalizable to all branches of Kenya Power and Lighting Company. However the researcher took a relatively large sample so as to be representative. Some respondents did not disclose information which they considered confidential. The researcher was however informed them that the findings will only be used for academic purposes. They were also assured of confidentiality.

The study experienced various forms of non-response. Some withdrew out of the study due to boredom, illness or lack of interest. The researcher informed them of how the research will benefit them. The findings of the study might not be generalisable to other countries because they have different environments. The data was collected from a sample of 40 members of staff only while the Institution has many different cadre of staff from whom different opinion could be obtained. The researcher countered this by taking representative samples from all areas. This research was conducted when the researcher was fully at work, and engaged with official work. The researcher countered this by leaving the questionnaire to be filled by the respondents at their appropriate time. Some of the respondents failed to submit the questionnaires and this became an inhibiting factor for valuable information could be left out. The researcher tried to personally pick the questionnaires to reduce this.

The study was on the effects of the marketing audit on the performance of parastatals. It was done in Kenya Power Company, Kisumu branch because Kisumu is the administrative head Quarters of Kisumu County. It was done among the marketing department staff in Kisumu. It included the top, middle and lower level staff in Kisumu branch. The study targeted 20 respondents from top management, 30 department heads and 150 operational staffs. The total population was 200. It focused on the marketing department because they use marketing audit.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter handles literature on marketing audit and its effects on organizational performance. These include marketing environment audit, marketing strategies audit, marketing system audit and marketing function audit. It also handles critical review and summery of gaps to be filled by the study.

#### 2.2 Empirical Review

##### Marketing Audit Approaches

Marketing audit can be conducted in six ways: self-audit, audit from across, audit from above, company auditing office, company task force audit, and outsider audit. Self audit in which manager's use a checklist to rate their own operations, lack objectivity and independence. The best audits come from outside consultants who have the necessary objectivity, broad experience in a number of industries, some familiarity with the industry being audited, and undivided time and attention to give to the audit.

##### 2.2.1 Marketing Environment Audit

In marketing environment audit the manager seeks to find out the major developments in income, prices, savings, and credit that affect the company. They also try to find out what action the company has taken in response. Marketers require buying power as well as people. Economic environment consist of the factors that affect purchasing power and spending patterns. Nations vary greatly in their levels and distribution of income. Some countries have subsistence economies – they consume most of their own agricultural and industrial out put. These countries offer few market opportunities. At the other extreme are industrial economies, which constitute rich markets for many different kinds of goods. Marketers must pay close attention to major trends and consumer spending patterns both across and within their world markets.

The Marketing managers also attempt to establish the major demographic developments and trends that pose opportunities or threats. They try to establish what actions the company taken in response Demography is the study of human population in terms of size, density, location, age, gender, race, occupation, and other statistics, Richard B A, (1998). The demographic environment is of major interest to marketers because it involves people, and people make up markets. The world population is growing at an explosive rate. It now exceeds 6.5 billion people and will exceed 8.1 billion by the year 2030. The worlds' large and highly diverse population poses both opportunities and challenges. Marketers keep close track of demographic trends and developments in their markets, both at home and abroad. They track changing age and family structures, geographic population shifts, educational characteristics, and population diversity.

The managers also seek to establish the major changes in product and process technology. They attempt to establish the company's position in these technologies. The technological environment is perhaps the most dramatic force now shaping our destiny. Technology has released such wonders as antibiotics, robotic surgery, miniaturized electronics, laptop computers, and the internet. It also has released such horrors as nuclear missiles, chemical weapons, and assault rifles. It has released such mixed blessings as the automobile, television and credit cards. Our attitudes towards technology depend on whether we are more impressed with its wonders or its blunders. For example, what would you think about having tiny little transmitters implanted in all of the products you buy that would allow tracking products from their point of production through use and disposal? On the one hand, it would provide many advantages to both buyers and sellers. On the other hand, it could be a bit scary. Either way, it's already happening. The technological environment changes rapidly. Think of all of today's common products that were not available 100 years ago.

New technologies create new markets and opportunities. However, every new technology replaces an older technology. Transistors hurt the vacuum tube industry, xerography hurt the carbon paper business CD hurt phonograph records, and the digital photography hurts the film business. When old industries fought or ignored new technologies, their businesses declined. Thus marketers should watch the

technological environment closely. Companies that do not keep up will soon find their products out dated. And they will miss new products and market opportunities.

Today research is carried out by research teams not by lone investors Geoffrey Ormes, (1993). Many companies are adding marketing people in research and development (R&D) teams to try to obtain a stronger marketing orientation. As products and technology becomes more complex, the public needs to know that these are safe. Thus, government agencies investigate potentially unsafe products. What is the public's attitude towards business and towards the company's product? What changes in customer lifestyle and values might affect the company? The cultural environment is made up of institutions and other forces that affect a society's basic values, perceptions, preferences, and behaviors. People grow up in a particular society that shape their basic beliefs and values. They absorb a world view that defines their relationship with others.

People in a given society hold many beliefs and values. Their core beliefs and values have high degree of persistence. These beliefs shape more specific attitudes and behaviors found in everyday life. Core beliefs and values are passed on from parents to children and are reinforced by schools, churches, businesses and government. Secondary beliefs and values are more open to change. Believing in marriage is a core belief; believing that people should get married early in life is a secondary belief. Marketers have some chances of changing secondary values but little chance of changing core values. Although core values are fairly persistent, cultural swings do take place. Consider the impact of popular music group, movie personalities and other celebrities on young people's hair styling and clothing norms. Marketers want to predict cultural shifts in order to spot new opportunities or threats. Several firms offer "futures" forecast in this connection. The major cultural values are expressed in people's view of themselves and others as well as their view of the organization, society, nature and the universe. People vary in their emphasis on serving themselves versus serving others. Some people seek personal pleasure, wanting fun, change, and escape. Others seek self realization through religion, recreation, or the avid pursuit of career or other life goals. People use products, brands, and services as a means of self-expression, and they buy products and services that match their views of themselves. Marketers can target their products and services based on such self views. Marketing

managers try to determine what is happening to market size, growth, geographical distribution, and profits and what the major market segments are.

They also investigate the customers' needs and buying processes; How customers and prospects rate the company and its competitors on reputation, product quality, service, sale force, and price and how different customer segments make their buying decisions They also try to identify the major competitors what their major objectives are, their strategies, strengths, weaknesses, sizes and market shares and trends which will affect competition and substitutes for the company's products.

The managers also identify the main trade channels for bringing products to customers and the efficiency levels and growth potential of the different channels. They also seek information about existing Suppliers, what the outlook and the availability of key resources is like and the major trends among suppliers. They also investigate the outlook for transportation services, warehousing facilities and financial resources and how effective the company's advertising agencies and marketing research firms are. The managers investigate which publics represent particular opportunities or problems and the steps the company has taken to deal effectively with each public.

Globally, the benefits of using environmental analysis and implementing its recommendations lie in perceptions of its ability to influence a change in business performance, Amstrong, (1977). Thus, it is important to be clear whether and how environmental analysis influence the business performance. All firms in the world must do an environmental analysis to be able to exploit opportunities and avoid threats. This includes the international, local and regional firms. Since environmental analysis must be considered as a comprehensive review and appraisal of the total marketing operation, it requires a systematic and impartial review of a company's recent and current operations and its marketing environment, Des, (1984). However, the scope of environmental analysis depends on the cost involved, the target markets served and its marketing environment, Mylonakis, (2003). It is necessary to explore how these environmental conditions influence the issues selected and the activities implemented for the environmental analysis so as to have an insight into what are exactly the company's considerations when environmental analysis recommendations are implemented. Although the environmental analysis has been used since its

introduction to marketing management process, there is no evidence of the empirical validation of its practice and usefulness. When doing an environmental analysis, the management must also review its internal environment. The environmental analysis was described as a systematic, critical, and impartial review of the total marketing operation; of the basic objectives and policies of the operation and assumptions that underlie them; and the methods, procedures, personnel, and organization employed to implement the policies and achieve the objectives, Shuchman, (1959). Kotler et al. (1977) refined the total environmental concept into a comprehensive, systematic, independent, and periodic examination of a company's or SBU's strategies, objectives, activities, and environment, designed to reveal problems and opportunities, and to recommend actions that would improve the company's strategic performance. The refined model identified six proposed components of the environmental analysis, and advocated the use of a standard set of procedures. Kotler et al.'s proposed six environmental analysis components which included; the market environment audit, consisting of analyses of both the macro environment and the task environment; the business strategy audit, to assess the consistency of business strategy with environmental opportunities and threats; the business organization audit, designed to assess the interactions between the business and the sales organization; the business systems audit, to evaluate procedures used to obtain information, plan and control business operations; the business productivity audit, assessing accounting data to determine optimal sources of profits, as well as potential cost savings; and the business function audit, reviewing key business functions based primarily on prior audit findings.

Companies can use another instrument to rate their performance in relation to the best practices of high performance businesses. Management can place a check on each line as to its perception of where the business stands. The resulting profile exposes the business weaknesses and strengths, highlighting where the company might move to become a truly outstanding player in the market place. Companies need to evaluate whether they are truly practicing ethical and socially responsible business. Business success and continually satisfying the customer and other stakeholders are intimately tied to adoption and implementation of high standards of business conduct. The most admired companies in the world abide by a code of serving peoples interests not only their own. Business practices are often under attack because business situation

routinely pose tough ethical dilemmas. Clearly the company's bottom line cannot be the sole measure of corporate performance: ethical issues must be dealt with in many aspect of its business. There are selling issues such as bribery or stealing trade secrets; advertising issues such as false and deceptive advertising; channel issues such as exclusive dealing and tying agreements; product issues such as quality and safety, warranties, and patent protection; packaging issues such as accurate labeling and use of scarce resources; price issues such as price fixing, discrimination, and resale price maintenance and competitive issues such as barriers to entry and predatory competition.

According to Christopher A R, (1997), the company and all of the other actors operate in larger microenvironments that shape opportunities and pose threats to the company. When doing an environmental analysis the company does both the internal environment audit and external environment audit. In marketing environment audit the manager seeks to find out the major developments in income, prices, savings, and credit that affect the company. They also try to find out what action the company has taken in response. Business people require buying power as well as people. Economic environment consist of the factors that affect purchasing power and spending patterns. Nations vary greatly in their levels and distribution of income. Some countries have subsistence economies – they consume most of their own agricultural and industrial output. These countries offer few market opportunities. At the other extreme are industrial economies, which constitute rich markets for many different kinds of goods. Business people must pay close attention to major trends and consumer spending patterns both across and within their world markets

Today research is carried out by research teams not by lone investors Bain, (1954). Many companies are adding business people in research and development (R&D) teams to try to obtain a stronger business orientation. As products and technology becomes more complex, the public needs to know that these are safe. Thus, government agencies investigate potentially unsafe products. What is the public's attitude towards business and towards the company's product? What changes in customer lifestyle and values might affect the company? The cultural environment is made up of institutions and other forces that affect a society's basic values, perceptions, preferences, and behaviors. People grow up in a particular society that

shape their basic beliefs and values. They absorb a world view that defines their relationship with others.

People in a given society hold many beliefs and values. Their core beliefs and values have high degree of persistence. These beliefs shape more specific attitudes and behaviors found in everyday life. Core beliefs and values are passed on from parents to children and are reinforced by schools, churches, businesses and government. Secondary beliefs and values are more open to change. Believing in marriage is a core belief; believing that people should get married early in life is a secondary belief. Business people have some chances of changing secondary values but little chance of changing core values. Although core values are fairly persistent, cultural swings do take place. Consider the impact of popular music group, movie personalities and other celebrities on young people's hair styling and clothing norms. Business want to predict cultural shifts in order to spot new opportunities or threats. Several firms offer "futures" forecast in this connection. The major cultural values are expressed in people's view of themselves and others as well as their view of the organization, society, nature and the universe. People vary in their emphasis on serving themselves versus serving others. Some people seek personal pleasure, wanting fun, change, and escape. Others seek self realization through religion, recreation, or the avid pursuit of career or other life goals. People use products, brands, and services as a means of self-expression, and they buy products and services that match their views of themselves. Business people can target their products and services based on such self views. Business managers try to determine what is happening to market size, growth, geographical distribution, and profits and what the major market segments are.

They also investigate the customers' needs and buying processes; How customers and prospects rate the company and its competitors on reputation, product quality, service, sale force, and price and how different customer segments make their buying decisions. They also try to identify the major competitors what their major objectives are, their strategies, strengths, weaknesses, sizes and market shares and trends which will affect competition and substitutes for the company's products. The managers also identify the main trade channels for bringing products to customers and the efficiency levels and growth potential of the different channels. They also seek information about existing Suppliers, what the outlook and the availability of key resources is like

and the major trends among suppliers. They also investigate the outlook for transportation services, warehousing facilities and financial resources and how effective the company's advertising agencies and marketing research firms are. The managers investigate which publics represent particular opportunities or problems and the steps the company has taken to deal effectively with each public.

Baum, (2003), says that for the business managers to succeed they have to constantly check on the appropriateness of their strategies. To achieve this, they need to examine the business mission, marketing objectives and marketing strategies. They should check whether the business mission is clearly stated in market oriented terms and whether it is feasible. They should ensure the business objectives and goals are stated clearly enough to guide business planning and performance measurement and the business objectives are appropriate. They should ensure that the management has circulated a clear business strategy for achieving its objectives and the strategies are appropriate to the stage of the product life cycle, competitor's strategies, and the state of the economy, Brownlie D, (1996). They should ascertain whether the company is using the best basis for market segmentation and have clear criteria for rating segments and choosing the best one. They should find out whether the company has developed an accurate profile of each target segment and whether business resources have been allocated optimally to the major elements of the marketing mix.

According to Capella , (1978), the business managers must examine the formal structure of the organization, the functional efficiency and interface efficiency, They should find out whether the business manager have adequate authority and responsibility for company activities that affect customer satisfaction and whether the business activities are optimally structured along functional, product, segment, end-user, and geographical lines. They should investigate whether there are good communication and working relations between the marketing and sales and whether the product management system is working effectively. They should determine whether product managers are able to plan profits or only sales volumes and whether there are there any groups in marketing that need more training motivation supervision or evaluation. Managers also determine whether there are any problems between marketing and manufacturing, R&D, purchasing, finance, accounting, or legal that need attention, Jaworski, (1993).

Mary E A, (1939), says that in business function audit the firm should examine the appropriateness of its products, prices, distribution and promotion. They should determine the company's product line objectives and the current product lines are meeting the objectives. They should find out whether the product lines should be stretched or contracted, which products should be phased out or Added?, What are the buyers' knowledge and attitudes towards the company's and the competitor's products quality, features, styling, brand names, and so on? What areas of product and brand strategy need improvement?

They should also find out the companies pricing objectives, policies, strategies, and procedures, to what extent the prices are set on cost, demand and competitive criteria, whether the customers see the company's prices as being in line with the value of its offer ,what the management know about the price elasticity of demand, experience curve effects, and competitors' prices and pricing policies and to what extent the price policies are compatible with the needs of distributors and dealers, suppliers, and government regulation, Covin, (1989). They also investigate the companies' distribution objectives and strategies. They also determine whether there is adequate market coverage and service and how effective the distributors, dealers, manufacturers' representatives, brokers, agents and others are. They also try to find out whether the company should consider changing its distribution channels, Taghem, (2008).

The managers also examine the companies advertising objectives. They try to find out whether the right amount of money is being spent on advertising, whether the media are well chosen, whether the internal advertising staff is adequate, whether the sales promotion budget is adequate, whether there is effective and sufficient use of sales promotion tools such as samples, coupons, displays and sales contests and whether the company is making good use of direct, on-line and database marketing. They also determine the sales forces objectives, whether the sales force is large enough to accomplish the company's objectives, whether the sales force is organized along the lines, whether there are enough sales managers to guide the field sales representatives, whether the sales force show high morale, ability, and effort and whether procedures are adequate for setting quotas and evaluating performance and how the company sales force compare to competitors sales forces, Egeren, (1998).

An environmental analysis starts with a meeting between the company officers and the business auditors to work out an agreement on the analysis objectives, coverage depth data sources, report formats and time frame, Hambrick, (1984). A detailed plan as to who is to be interviewed, the questions to be asked, the time and place of contact and so on are prepared so that analysis time and cost are kept to a minimum. The cardinal rule in environmental analysis is; don't rely solely on company managers for data and opinion. Customers, dealers, and other outside groups must also be interviewed. Many companies do not really know how their customers and dealers see them, nor do they fully understand customer needs and value judgment, Santel, (1999).

### **2.2.2 Marketing strategy Audit**

George Mc Gregor, (2003), says that for the marketing managers to succeed they have to constantly check on the appropriateness of their strategies. To achieve this , they need to examine the business mission, marketing objectives and marketing strategies They should check whether the business mission is clearly stated in market oriented terms and whether it is feasible They should ensure the marketing objectives and goals are stated clearly enough to guide marketing planning and performance measurement and the marketing objectives are appropriate. They should ensure that the management has circulated a clear marketing strategy for achieving its objectives and the strategies are appropriate to the stage of the product life cycle, competitor's strategies, and the state of the economy, James Wright, (2000). They should ascertain whether the company is using the best basis for market segmentation and have clear criteria for rating segments and choosing the best one. They should find out whether the company has developed an accurate profile of each target segments and whether marketing resources have been allocated optimally to the major elements of the marketing mix. Paul Peter, James. Donnelly, Jr. (2007), says that the firms business and financial objectives are usually derived from organizational and corporate objectives, where a firm is totally business oriented. Objectives must be specific, measurable, attainable, and realistic and time bound. It is usually stated as standard of performance in terms of percentages of market share, sales volume, profit, customer service, competitive and others.

An organization mission is a retailer's mission is retailer commitment to type of business and to desiccative role in market place. It is reflected in the firm's attitude towards consumers, employees, competitors, government and others. A dear organization mission lets a firm gain, a customer following and distinguishes itself from competition. On major decision a retailer must make is whether to base its business around the goods and services sold around consumers need. A second major decision for retailer is whether it wants a place in the market as a leader or follower. Third basic decision involves a firm market scope large chain often seeks a broad customer basis (due to their resources and recognition), Sauter (1999). The search for differential advantage ,traditionally many firm have spare no expense as they have searched for a differential advantage that would let them complete. New technology was adopted , financial techniques that result in lower cost of funds were relentlessly pursued, new organizational designs were implemental, new store design developed ,a new distribution systems implemental ,on a new product offered all in the interest of beating the competition on the punch in today's fast track global world of business. Formats for success-The implementation of a retail stores market position determination begin with the stores format, which focuses the store on a target market .The format is important to the retailer because its positions. Often the store format is even more enduring than location. The persisting qualities of store format require that every aspect be carefully and fully planned out in advance. Decision at the initial stages of format development will continue to haunt or benefit the stores throughout its life time store design is a part of the format that can be used for effective differentiation for example store design can create and environmental that is visually existing or otherwise distinctively attractive , make the shopping process especially use- friendly via layout lightening and signage or employ material and design features that capture the essences of retailer position and attribute, Zahra, (1996).

Setting objectives, planning requires the establishment of overall objectives. This includes survival, growth, market shares increases; high returns on investment and development of a good store image .Objective will also be established for specific operational areas. The retail business plan should be as specific as possible. When setting it you have to be customer oriented is one of the key to successful retailing. The mission statement is generally statement answer basis questions about the stores

business. Every marketing plan should have a budget without a budget plan tend to be “dream sheet” that have little practical relevance. A budget ensures that a retailer faces the realities of planning many plan fail because of poor budgeting on the part of the planner usually because the budget was not large enough to accomplish the plan.

The specific objectives are goals that measure progress towards the overall objective thus specific objectives have true components the performance sought including a numerical index used to measure progress a time frame for achieving a goal and the level of investment needed to achieve the objective Typically performance level are financial criteria such as return on investment sales or profits commonly used market share is becoming more popular .It is easier to measure and often more objectively assessed than financial measures based on accounting information (when dramatically affected by accounting rule). The success of retail business plan depends on how well it's implemented. There is no plan in the world that can service poor execution. If a store claims that it has the highest customer service and the consumer does not find it the store will be quickly receive a poor reputation.

Poor execution of a plan is often the result of either limitation on resources allocation to achieving the plan, that cannot be achieved or lack of interest and involvement of store level personnel in the planning process. It is important that a plan be executable when its not retailers often makes promises to consumers that it cannot live up to an important part of executing a plan is that not only produces quality but also provides for continually improving quality Ron Hasty and James Reardon( 1997).

According Wallace, (1980), the objectives should reflect the relative market share, sales turnover, profit and return on investment of the SBU's, and customer satisfaction.

Khandwalla, (1977), says that the target segments reveal the firm's market opportunities. The firm now has to evaluate the various segments and decide how many and which segments it can serve best. Armstrong et al, (1977), argues that in evaluating different segments, a firm must consider certain factors e.g. segment size and growth, segment structural attractiveness, company objectives and resources. The company must first collect and analyze data on current segment sales, growth rates and expected profitability for various segments.

Baum et al (2003), also argues that the company also needs to examine major structural factors that affect long-run segments attractiveness for example; a segment is less attractive if it already contains many strong competitors. The existence of many actual or potential substitute products may limit prices and profit that can be earned in a segment. The relative purchasing power of buyers also affects segments attractiveness. Target market consists of a set of buyers who share common needs and characteristics that the company may decide to serve. Because buyers have unique needs and wants, a seller could view each buyer as a separate target market. Target clients can be served at several different levels;

Undifferentiated service where a firm decide to ignore segments differences and go after the whole market with one offer; differentiated services, where a firm decides to target several segments and design separate offers in each and concentrated services where a firm goes after one segments and concentrates its efforts in it. Phillip Kotler, (1977), says that Micro servicing is the practice of tailoring services and programs to suit the needs and wants of specific individuals and local customer groups. It includes local servicing and individual servicing. Local servicing is the tailoring of the brand and promotion to meet the needs and wants of local clients while individual servicing is tailoring products and programs to meet the needs and preference of individual customers.

According to Davis (2004), the success of any plan lies on how well it can identify client's needs and organize its resources to satisfy them profitably through questions such as; what do customers want or need? What can we do to satisfy these needs and wants? What is the size of the market? And what is the growth profile?

According to Egeren (1998), the firm must design a customer-driven strategy. Management is the art and science of choosing target clients and building profitable relationship with them. Therefore the manager's aim is to find, attract, keep, and grow target clients by creating, delivering and communicating superior customer value. To design a winning strategy the manager must answer two questions; what customers will we serve (what is our target market?) and how can we serve these customers best (what is our value proposition)? Rudman,(1998), argues that the firm must choose a value proposition, that is decide on how best to serve its customers, how to differentiate and position itself in the marketplace. The company's value

proposition is the set of benefits or value it promises to deliver to satisfy the needs and wants of customers. Management aims at designing strategies that will build profitable relationships with target clients.

Brownlie, (1996), says that the company's outlines which customers the company will serve and how it will create value to these customers. The manager decides on the program that will actually deliver value to these customers. The program transforms the strategy into actions it consists of the firm's strategies, that is the set of tools the firm uses to implement its strategy.

The tools are broadly classified into four groups called the 4Ps that includes product, price, place and promotion to deliver proposition. The firm must create a need – satisfying offer (product). The firm has to decide on how much it will charge the offer (price) and how it will make the offer available to the target consumers (place) and communicate to the target customers about the offer and persuade them of its merits (promotion). In developing the mix the firm sets controllable tactical tools-product, price, place and promotion that a firm blends to produce the response it wants in the target clients through giving customers, customer cost, convenience and communication .

Wallace, (1980), says that the firms need to pay attention to the management that has four management functions that includes analysis, planning, implementation and control. Wallace, (1980), also argues that in the client analysis the company begins to analyses its situation, that is the strength and weaknesses to determine the opportunities it can best pursue in each of other management functions. It then determines the possible actions to pursue to exploit the opportunities. Planning involves deciding on the strategies that will help the company attain its overall strategic objectives.

Implementation is the process a company uses to turn strategies and plans into actions to accomplish strategic objectives. A successful implementation depend on how the company blends its people, organization structure, decisions and reward systems and company culture into a cohesive action program that supports its strategies. No plan will succeed unless it 'degenerates the work'. Consequently the business must design an organization that has the capability of implementing the plan. According to

Mason, (1939), control in the company helps to measure and evaluate the results of strategies, plans and taking corrective action to ensure that objectives are achieved.

According to Sauter, (1999), the aim of control system is to evaluate the results of the plan so that corrective action should be taken if the actual performance do not march the objectives. Short term control system can plot result against objectives on; weekly, monthly, quarterly, and on an annual basis. Measures include sales, profits, cost and cash flow. Strategic controls are more long term. The manager needs to stand back from weekly-by-weekly and monthly-by-monthly results to critically reassess whether their plans are in line with their capabilities and the environment.

Zahra, (1996), says that in order to ensure that performance is as per planned schedule, it is necessary to evolve control systems which can help management take mid-course corrective action, if required. In some companies, this involves monthly quarterly reports from sales, product, advertising managers and research data. Identifying market opportunities both new and existing retailer must continually identify market opportunities. Retailing operates in much more dynamic industry than many other businesses opportunities arise and disappear with amazing speed. Because of changing environment, there is a limited period of time when the market offers opportunities that “fit” the abilities of a firm. A firm must continually scan the environment to identify these opportunities. Gap analysis is commonly used to identify marketing opportunities. A retailer can use it to identify where there is a gap between customer’s desires and other retailer’s offerings. Finding opportunity is by using a strength weakness of a business? By assessing these factors, a manager can maximize the use of all available assets and can limit or eliminate the obstacles imposed by the inherent weaknesses of these resources. Gap analysis for the retailers differs from that of manufacturer in that a manufacturer identifies a customer desire and creates a product to fulfill this desire. On the other hand, a retailer does not typically create new products, Beaver, (1989).

### **2.2.3 Marketing organization audit.**

According to Jimmy Roger, (1998), the marketing managers must examine the formal structure of the organization, the functional efficiency and interface efficiency, They should find out whether the marketing vice president have adequate authority and

responsibility for company activities that affect customer satisfaction and whether the marketing activities are optimally structured along functional, product, segment, end-user, and geographical lines. They should investigate whether there are good communication and working relations between marketing and sales and whether the product management system is working effectively. They should determine whether product managers are able to plan profits or only sales volumes and whether there are there any groups in marketing that need more training motivation supervision or evaluation. Managers also determine whether there are any problems between marketing and manufacturing, R&D, purchasing, finance, accounting, or legal that need attention, Jonathan Caison, (1988). Structure is the pattern of relationships among positions in the organization and among members of the organization. Structure makes possible the application of the process of management and creates framework of order and command through which the activities of the organization can be planned, organized, directed and controlled, (Allaire and firsirotu 1984).

Structure is highly needed in the big size organizations as compared to the small sized organization, thus in big firms there is need for a formal Organizational structure, and there is also need for a continual review of structure to ensure that it is the most appropriate form for the particular organization and in keeping with its growth and development. Mugenda, (2003), The objectives of organizational structure are the economic and efficient performance of the organization and the level of resource utilization; monitoring the activities of the organization; accountability for areas of work undertaken by groups and individual members of the organization; co-ordination of different parts of the organization and different areas of work; flexibility in order to respond to future demands and developments and to adapt to changing environmental influences and the social satisfaction of members working in the organization, (Becker and Geer 1960). Good organizational structure does not by itself produce good performance. But a poor organization structure makes good performance impossible, no matter how good the individual manages may be. Thus an improved organizational structure will therefore improve performance, Drucker (2000).

The allocation of responsibilities, the grouping of function, decision-making, co-ordination, control and reward are all fundamental requirements for the continued operation of an organization. The quality of an organization's structure will affect

how these requirements are met, Child, (1998). The structure of an organization affects not only productivity and economic efficiency but also the morale and job satisfaction of the workforce. Structure is an essential feature of the learning organization and empowerment, and must be responsive to the changing environment. Structure has been divided into the technical level, the managerial level and the Community level, Mugenda, (2003). The technical level is concerned with specific operations and discrete tasks, with the actual job or tasks to be done and with performance of the technical function. For example the physical production of goods in a manufacturing firm; administrative processes giving direct service to the public in government departments; the actual process of teaching in an educational establishment , Child, (1998).The managerial Level or organizational level is concerned with the co-ordination of and integration of work at the technical level, whereby decisions will be concerned with mediating between the organization and its external environment, such as the users of the organizations products or services and the procurement of resources and the administration of the internal affairs of the organization including the control of the operations of the technical function, Drucker (2000).The Community level or Institutional Level is concerned with broad objectives and the work of the organization as a whole. Thus selection of operations, and the development of the organization in relation to external agencies and the wider social environment e.g. Board of directors of joint stock companies; governing bodies of educational establishment which includes external representatives; and trustees of non-profit organizations. They do provide a mediating link between the managerial organization and co-ordination of work of the technical organization and the wider community interests Mugenda, (2003).

With the realization of the importance of performance and learning, organizations have begun looking at how to improve organizational structure which refers to a pattern of relationships within an organization, (Becker and Geer 1960). It is a set of understanding or meanings shared by a group of people that are largely tacit among members and are clearly relevant and distinctive to the particular group which are also passed on to new members, ( Louis 1980). Organization culture is a system of knowledge, of standards for believing, perceiving, evaluating and acting that serve to relate human communities to their environmental settings, (Allaire and firsirotu 1984). Organization culture is the deeper level of basic assumption and believes that

are: Learned responses to the group's problems of survival in its external environment and its problems of survival in its external environment and its problems of internal integration; are shared by members of an organization; that operates unconsciously; and that define in a basic "take-for-granted" fashion, an organization's view of itself and its environment, (Schein 1988). Organization culture is also defined as any social system arising from a network of shared ideologies consisting of two components: substance- the networks of meaning associated with ideologies, norms and values; and forms – the practices whereby the meanings are expressed, affirmed and communicated to members, (Trice and Beyer 1984).

With the realization of the importance of performance and learning, organizations have begun looking at how to improve organizational structure which refers to a pattern of relationships within an organization, (Becker and Geer 1960). It is a set of understanding or meanings shared by a group of people that are largely tacit among members and are clearly relevant and distinctive to the particular group which are also passed on to new members, (Louis 1980).

Organization culture is an idea in the field of organizational studies and management which describes the psychology, attitudes, experiences, beliefs and values (both personal and cultural values) of an organization. It has been defined as the specific collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organization, (Wikipedia the free encyclopedia). Organization culture has an impact on the performance of the organization. What is "business performance"? The enterprise performance is generally defined as "the activity of providing goods and services". The definition shows that the business has two components, that is, the activity, which is business performance, and the goods and services which are business results. Therefore, business performance improvement must improve the capital utilized in performance solutions. Business performance is improved in order to improve enterprise goods and services and other output business results produced by the business performance. In this study, organization structure, organization leadership, organization communication, Norms and values, characterize the organization performance. By organization leadership the researcher refers to a rational process through which one person influences the

behaviors opinions, perceptions, decisions and actions of other people towards some specific direction to achieve desired goals. By organization structure the researcher refers to the way in which an organization's activities are divided, organized and coordinated, (Wikipedia the free encyclopedia). It is division of work among members of the organization and coordination of their activities so that they are directed towards the goals and objectives of the organization. Organizational communication refers to the sending and receiving of message by means of symbols. It is the key element of organizational climate, Drenth et al (1998).

Myers and Myers, (1982) define organizational communication as the central binding force that permits coordination among people and thus allows for organized behaviour. Organizational values refer to the acceptable standards which govern the behaviour of individuals within the organization. Without such values, individuals will pursue behaviors that are in line with their own individual value systems, which may lead to behaviors that the organization doesn't wish to encourage. Clearly, the organization's values must be in line with its purpose or mission, and the vision that it is trying to achieve. So to summarize, articulated values of an organization can provide a framework for the collective leadership of an organization to encourage common norms of behaviour which will support the achievement of the organization's goals and mission.

#### **2.2.4 Marketing function audit**

Mary E A, (1970), says that in marketing function audit the firm should examine the appropriateness of its products, prices, distribution and promotion. They should determine the company's product line objectives and the current product lines meeting the objectives. They should find out whether the product lines should be stretched or contracted, which products should be phased out or Added?, What are the buyers' knowledge and attitudes towards the company's and the competitor's products quality, features, styling, brand names, and so on? What areas of product and brand strategy need improvement? They should also find out the companies pricing objectives, policies, strategies, and procedures, to what extent the prices are set on cost, demand and competitive criteria, whether the customers see the company's prices as being in line with the value of its offer ,what the management know about the price elasticity of demand, experience curve effects, and competitors' prices and

pricing policies and to what extent the price policies are compatible with the needs of distributors and dealers, suppliers, and government regulation, Mildred Broke, (1998).

They also investigate the companies' distribution objectives and strategies. They also determine whether there is adequate market coverage and service and how effective the distributors, dealers, manufacturers' representatives, brokers, agents and others are. They also try to find out whether the company should consider changing its distribution channels, Rudman, (1998).

The managers also examine the companies advertising objectives. They try to find out whether the right amount of money is being spent on advertising, whether the media are well chosen, whether the internal advertising staff is adequate, whether the sales promotion budget is adequate, whether there is effective and sufficient use of sales promotion tools such as samples, coupons, displays and sales contests and whether the company is making good use of direct, on-line and database marketing. They also determine the sales forces objectives, whether the sales force is large enough to accomplish the company's objectives, whether the sales force is organized along the lines, whether there are enough sales managers to guide the field sales representatives, whether the sales force show high morale, ability, and effort and whether procedures are adequate for setting quotas and evaluating performance and how the company sales force compare to competitors sales forces, Phillip C R, (2000). Planning process is to develop a retail mix for each opportunity. Retailer communicates with customers through advertising, sale promotion publicity, store atmosphere and personal selling advertising is a form of paid communication with customers using non personal mass media such as, television, radio and direct mail, Beaver, (1989). Sale promotion are paid non personal communication activities that offers extra value and incentive to customer to visit a store or purchase merchandise during a specific period of time. Retailers typically used sales promotion activities to influence customer's behaviors during a short period of time. Finally the retail store itself provides non personal communication to its customers through store atmosphere. Retail sales people are the primary vehicle for providing paid personal communication process in which sales people assist customers to satisfy their need through person to person exchange of information. The primary method for generating unpaid non personal communication is publicity, Egeren, (1998).

Publicity is communication through significant. Unpaid presentations about the retailer casually a new story in non personal media finally, retailer communicates with their customers at no cost through word of mouth (communication between people about retailer Arrow (1985). To evaluating the result and implementation if the retailer is meeting or exceeding its objectives charges aren't necessary but if retailer is meeting or exceeding its objective charges aren't necessary but if a retailer fails to meet its objectives re- analysis is needed. Re-analysis start with reviewing the implementation programs .Even the mission statement must be reconsidered. This conclusion would result in starting a new planning process including a new situation audit.

The retailer planning success is frequently determined by a commitment to improve quality. Therefore it's important for as to understand what we mean by quality. This understanding is critical because our definition will guide our actions. It will determine programs, people, product and service that are selected to reach the goals of quality. Unfortunately quality is award that has many different meaning although is generally convey an implication of a high level for excellence in reality quality is a dimension that has continuers of levels. As firms have studied the concept of quality and its application, the definition has gradually changed. We defined quality as all of the feature and characteristic of store, product, service and people that combine to contribute to the ability to satisfy stated or implied needs and wants of the customer. Simply stated quality means meeting and exceeding the consumers' expectations. This product policy combined with a passion for providing personal attention to each customer, define quality for the store, Chou, (1982).

Many firms really do not know who their consumers are and what they are really want. It is so easy for buyers to purchase what they want for associates on the floor to sell and feature benefits what they think are important for the advertising to reflect the image management has divided the store should have understanding the customer takes continual listening testing and researching many firms are using "competitive benchmarking" to see other firms are undertaking and responding to the customers and formulating successful strategies. There is nothing wrong with the limitation of success. Most managers often do not know what quality is and worse , now to achieve it they simple give it lip service. All too often you find a focus on

sales, profit, growth, new product and market share. All of these are important, of course but when the retail manager focuses primarily on these kinds of performance quality become secondary and there is a high probability that quality is a problem, Davis (2004).

### **2.3 Theoretical framework**

The lending credibility theory suggests that the primary function of the audit is to add credibility to the financial statements. In this view the service that the auditors are selling to the clients is credibility. Audited financial statements are seen to have elements that increase the financial statement users' confidence in the figures presented by the management (in the financial statement). The users' are perceived to gain benefits from the increased credibility, these benefits are typically considered to be that the quality of investment decisions improve when they are based on reliable information. The theory of inspired confidence (Theory of rational expectations) (Limperg1932) addresses both the demand and the supply for audit services. The demand for audit services is the direct consequence of the participation of third parties (interested parties of a company) in the company. These parties demand accountability from the management, in return for their investments in the company. Accountability is realized through the issuance of periodic financial reports. However, since this information provided by the management may be biased, and outside parties have no direct means of monitoring, an audit is required to assure the reliability of this information. With regard to the supply of audit assurance, Limperg (1932) suggests that the auditor should always strive to meet the public expectations.

Agency theory (Watts and Zimmerman 1978, 1986, 1986) suggests that the auditor is appointed in the interests of both the third parties as well as the management. A company is viewed as a web of contracts. Several groups (suppliers, bankers, customers, employees etc.) make some kind of contribution to the company for a given price. The task of the management is to coordinate these groups and contracts and try to optimize them: low price for purchased supplies, high price for sold goods, low interest rates for loans, high share prices and low wages for employees. In these relationships, management is the agent, which tries to gain contributions from principals (bankers, shareholders, employees etc). The most prominent and widely used audit theory is the agency theory.

The monitoring hypothesis assumes that when delegating decision-making power to one party, as suggested in agency theory, the agent is motivated to agree to be monitored if the benefits from such activities exceed the related costs. This hypothesis is applicable to all co-operative relationships in any organization, not only relationships between owners and managers, but also in relationships between employers and employees, creditors and shareholders, different levels of management in companies and government and taxpayers. (Wallace 1980 and 1987). Beaver (1989) pointed out that the monitoring theory strives to solve problems that arise due to moral hazard and information asymmetry between the agent and the principal. Moral hazard is the problem of the agent possessing superior information and thus having the opportunity to use it self-interestedly at the expense of the principal (Beaver 1989).

Arrow (1985) calls the two types of principal-agent problems hidden action (moral hazard) and hidden information (information asymmetry). Public disclosures have been seen as one way of controlling the monitoring hypothesis. They have been seen as restricting the superior information position of management. Further, an independent actor can be contracted to inspect the Information environment. From this point of view, auditing is one form of controlling for the monitoring hypothesis. The audit reduces the agent's chances to withhold material information from the shareholders (Beaver 1989). The relationship between the auditor and the board of directors is one factor that affects the monitoring of management. The auditor and the board of directors usually have a relationship, which is considered to increase the monitoring power of the owners. Furthermore, the independent audit committees are considered to be a mechanism that enhances the auditor's independent position in negotiations and increases the effectiveness and quality of the audit engagement (Ng and Tan 2003). Recent updates in control environment regulation for public companies have imposed higher demands on the independence and expertise of board members. Similarly, the auditors and the management are now mandated to issue internal control reports, which again increases and strengthens the monitoring role of the auditor over the management. Wallace (1980, 1987 and 2004) brings forward many factors implying that auditing is a highly valued monitoring system among stockholders, creditors, and top management. For example, Chow (1982) finds that companies with a higher ratio of total debt to total assets or companies with more

accounting based covenants are more likely to hire an auditor, presumably to address the agency relationship of management to creditors. Additionally, evidence suggests that the likelihood of voluntarily hiring an auditor increases with the number of employees (Hay and Davis 2004). The value of auditing of management may also be explained by the management's loss organizational control (Abdel-Khalik 1993). In companies with more employees or more complex organizational structure, management may benefit from audit in the sense that it is an additional means for improving internal control.

The universally accepted marketing audit was defined by Philip Kastler, an authority of International Marketing in 1977, which means that through a systemic-overall, independent and periodical audit on the enterprises' marketing environment, target, strategy, organization and performance, market opportunities and existing problems of the marketing management can be found and then with an improved and effective way of marketing, a proper marketing strategy can be raised, which can highly improve the marketing performance. The marketing audit has nothing to do with the traditional "financial audit" though the two share the same word "audit". From the definition mentioned above, the marketing audit is a comprehensive and macro level audit instead of a partial and micro level one on all the relevant aspects of the enterprises' marketing activities. Since the 1980s, the marketing audit has been used in European and American developed countries and achieved good results and till now it has been a common tool for their companies, for example, General Electric Corporation, 3M Company, the International Telegraph and Telephone Corporation, and many other companies conduct marketing audit regularly. Even though there have been lots of theoretical studies and applications on marketing audit abroad, most of them are limited to qualitative analysis and standard model set-up with computer, which is computerized marketing audit (CMA), but few quantitative analysis. Up to now, our academic community has not introduced the marketing audit systematically. By using the "marketing audit" as the retrieval word to search the national important academic database, journals and website, no more than 30 published articles on the marketing audit can be found, most of which just introduced the basic knowledge according to the discussion in Kotler's "Marketing Management: analysis, planning and control" and "marketing audit has been sophisticated" and hardly considered the domestic situation and only a few preliminary and backward quantitative research

were raised, such as management options measure methods by Pengjuan, maximizing deviations methods by Li shaohong and the analytic hierarchy process by Weijun. In 2003, professor Xie Huobao of Wuhan University published a book named "marketing audit study". It researched further on the basic theory of the marketing audit and did not study on the practical applications and quantitative analysis. Therefore, the Chinese know little about the marketing audit and our research just focused on bringing in western concept and methods without study on our situation, not to mention the in-depth quantitative research. In this case, the domestic enterprises poorly understand the marketing audit, not even to make full use of it. In view of these problems, this paper introduces the system theory and game theory into the study of marketing audit and brings about the natural relationships diagram for marketing audit and analyses the resistance problems based on game theory and raises a more effective solution and meth model. Meanwhile, with the in-depth study on the western theory and practice of marketing audit and combination with the actual conditions in China, this paper introduces a more suitable qualitative analysis way and builds the dynamic index system which can be used for quantitative analysis.

The marketing audit is a generally accepted method of evaluation and a control mechanism of marketing performance. In 1967, Kotler dedicated a full chapter of Marketing Management: Analysis, Planning, and Control to the marketing audit and identified it as "something apart from and more comprehensive than the other control efforts of the firm". Ten years later the publication of "The Marketing Audit comes of Age" (Kotler, Gregor and Rodgers 1977) was a turning point in the development of the marketing audit. It provided a definition that after twenty years still remains current. It also suggested the process and the organization as well as the potential problems in conducting an audit. This work has become a major source of reference for many authors who contributed to the further development of the marketing audit (Brownlie 1996).

Sutcliffe (1975), Brownlie (1993). Although the basic premises of the marketing audit have remained as Kotler, Gregor and Rodgers (1977) suggested, many authors have contributed to the development and further refinement of different aspects of the audit. Brownlie (1993) suggested a strategic role for the marketing audit as an instrument of intervention and change. Many authors have elaborated on general

parameters for a set of guidelines, to encourage uniformity and commonality in conducting the audit. The use of a structured questionnaire to assist with the collection of uniform information (Kotler 1993) and the use of a checklist of diagnostic questions (Wilson 1993, Brownlie 1993) have been recommended. The marketing audit has also been considered as a necessary part of the marketing planning process. It has been suggested that the scope and nature of the marketing audit need to be broadened to include a global perspective (Rothe, Harvey and Jackson 1997). Some authoritative writers on the subject (Kotler 1977, Wilson 1993, Brownlie 1996) view the marketing audit as an instrument to judge an organization's overall commitment to a marketing orientation.

To cope with and to exploit the opportunities created by the rapid changes in the marketing environment requires a substantial amount of accurate, comprehensive and action-oriented information. This information needs to be continually collected, analyzed, and disseminated to all managers in the organization who are involved in planning and contributing to the implementation, coordination and control of marketing activities (Jaworski and Kohli 1993). Some of the management's needs for continually updated information is provided through Marketing Information Systems (MkIS) and Marketing Decision Support Systems (MkDSS). But these technologically assisted information sources, although providing a substantial amount of information, do little more than the processing of historical and current information. The proper use of these techniques as decision-making tools requires analysis and interpretation of the information by the user. The more advanced method, Intelligent Marketing Information Systems (IMIS) incorporates the capabilities of (MIS) and Artificial Intelligence to provide management not only with data, but action oriented information. This system, however, has its limitation in being too narrow and lacking in wide application as a decision making tool (Amaravandi, Samaddar and Dutta 1995, Buttery and Tamaschke 1995). Additionally, to apply short term reactive measures only to combat immediate problems would not be in the best interest of the long-term viability of an organization. To assist with the understanding of the substantial changes occurring in the internal and external marketing environments needed additional tools and processes. A deep and objective look at marketing objectives, strategies, policies and organization on a recurrent basis (Kotler et al 1977) would be a way to help managers to bring a company's offering in line

with the market condition and expectations. The marketing audit, at the same time, can be an “efficient process for developing effective measures and actions” (Bonoma 1988). The market volatility in the 1970’s resulted in increasing awareness of, and interest in, the marketing audit by management (Kotler et al 1997). The marketing audit is regarded as having four major characteristics (Kotler, Gregor and Rodgers 1977). It should be comprehensive and broad in focus covering the entire marketing environment of the company. It should be an objective exercise and independent of the managers directly involved in making the marketing decisions. It should be a systematic and orderly sequence of diagnostic steps as compared to an unstructured and random investigation. It should be carried out periodically. The marketing audit should be undertaken on a regular basis and not only when major problems arise.

Considering these characteristics, Kotler et al (1977, p 29) formulated a definition for the marketing audit that, after 20 years still remains current. “A marketing audit is a comprehensive, systematic, independent, and periodic examination of a company’s - or business unit’s – marketing environment, objectives, strategies, and activities with a view of determining problem areas and opportunities and recommending a plan of action to improve the company’s marketing performance”.

Performance is focused behavior or purposeful work (Rudman, 1998). That is, jobs exist to achieve specific and defined results (outputs) and people are employed so that organizations can achieve those results. This is performed by accomplishing tasks. Gilbert (1998) said that performance has two aspects—behavior being the means and its consequence being the end. Managing performance has the dual purpose of arranging situations (environment) so that employees can do their best and growing the employees by educating, enlightening, and appreciating them. Its purpose is to achieve specific and defined results from people so that the organization can achieve its goals and objectives. It is much easier to fix situations by making structural changes to the organization, rather than trying to fix or change people. These include such means as changing reporting relationships, enlarging the job, improving a process, or opening lines of communication. Once performance barriers have been removed, employees can be educated, enlightened, and appreciated. This assumption is based on the premise that most employees try to do their best. They prefer harmony over conflict, action over inaction, and productivity over delays (Farson, Crichton,

1996). We often refuse to believe this as most studies on human behavior are performed on people when they are not at their best, such as in school, clinics, or prison. Thus, most studies on human behavior are performed in the process of trying to reform people.

## **2.4 Critical review.**

There is no consensus in the process of conducting a marketing audit (Brownlie, McDonald and Leppard 1991). Marketing auditors, therefore, need to improvise their own specific method of conducting an audit based on a given situation and a specific task at hand (Brownlie 1996). There has been a consistent attempt by writers in the field to introduce general and broad parameters to encourage uniformity in the implementation of the marketing audit. Many authors advocate the use of a series of questionnaires in conducting a marketing audit (Kotler 1997, Brownlie 1996b). The auditor can use structured questionnaires to collect uniform information from relevant internal and external sources. Wilson suggests the use of a checklist of diagnostic questions. Wilson's marketing checklist (1982) was revised in 1993 and offers a comprehensive, but not exhaustive list of questions for the marketing auditor to use. According to Wilson (1993), the auditor should use the checklist to collect data on a company's marketing operations and then compare the results to a set of benchmarks or expectations, which have been developed for the industry and the firm. This procedure also highlights the importance of establishing benchmarks. The checklist, according to Brownlie (1996), should be considered as a starting point and modified and tailored to suit the specific requirements of each audit situation. The major benefit of the checklist approach is to ensure that no important item is overlooked (Brownlie 1993). Authoritative writers on the subject (Kotler 1977, Wilson 1993, Brownlie 1996) view the marketing audit as an instrument to judge an organization's overall commitment to marketing orientation and the extent to which marketing objectives have been achieved, appropriateness of the marketing strategic directions and tactical details. Others have considered the marketing audit as a necessary part of the marketing planning process (McDonald 1984; Kotler 1988; Enis and Garfein 1992). The major issue with the current use of the marketing audit, apart from the lack of an acceptable uniformity and consistency in procedure in conducting it, is that it is costly to conduct a full audit and, therefore, it may not be used frequently.

Raising the level of socially responsible marketing calls for a three pronged attack. First, society must use the law to define, as clearly as possible, those practices that are illegal, antisocial, or anticompetitive. Second, companies must adopt and disseminate a written code of ethics, build a company tradition of ethical and legal guidelines. Third, individual marketers must practice a social conscience in their specific dealings with customer and various stakeholders. The new millennium holds a wealth of opportunities for companies. Technological advances in solar energy, on-line computer networks, cable and satellite television, genetic engineering and telecommunication promise to change the world as we know it. At the same time forces in the socioeconomic, cultural, and natural environment will impose new limits on marketing and business practice. Companies that are able to innovate new solutions and values in a socially responsible way are the most likely to succeed. Consider working assets.

As we can see, the first two components, that is the business environment audit and business strategy audit, refer to the processes of analyzing for business planning. The rest of the components concern the auditing for business execution. However, from conceptual and practical perspectives, the environmental analysis has many significant problems including the lack of suitably qualified independent auditors ,Kotler et al,(1977), gaining management cooperation from within business, Capella and Seckely, (1978), information availability, Rothe et al., (1997), sufficient communication with top managers to ensure access and understanding of information, Khandwalla, (1977). Meanwhile, the environmental analysis is also criticized for disconnecting from the overall control system, Brownlie, (1993); periodic rather than ongoing assessments of marketing performance, Kotler et al., (1977); and application with the objective of defining problems but not necessarily providing insights into solutions ,Wilson, (1992). As a result, the used measurement approaches of environmental analysis have been primarily qualitative checklists, with little empirical validation (Rothe et al., 1997; Morgan et al., 2002).

Dynamism is the degree of change or market stability. Overall, the reasons why business environment characteristics may influence environmental analysis is because environmental analysis provide the business management with programmed appraisals and critical evaluations of the environmental analysis and help ensure

business management identifies opportunities and threats from markets. Since the beginning of the 1990s significant research has been conducted into the extent to which firms in various sectors efficiently use business approaches and the relationship between business tools utilization and the firm's performance. Many companies feel that their operations need regular reviews and overhauls but do not know how to proceed. Some companies simply make many small changes that are economically and politically feasible, but fail to get the heart of the matter. One of the potential steps forward in their efforts is to concentrate on systematic environmental analysis. Environmental analysis as an idea dates back to the early fifties. As to whether the environmental analysis has reached a high degree of methodological sophistication, the answer is generally no. Whereas two certified accountants will handle an audit assignment using approximately the same methodology, two environmental analysts are likely to bring different conceptions of the process to their tasks.

According to Low, (2000), Companies that discover weaknesses should undertake a thorough study known as environmental analysis. Environmental analysis is comprehensive because it covers all the major business activities of a business, not just a few trouble spots. It would be called functional audits if it covers only the sales force, pricing, or some other business activities. Although functional audits are useful, they sometimes mislead management. Declining sales turnover, for example could be a symptom not of poor sales force training or compensation, but of weak company products and promotion. A comprehensive environmental analysis usually is more effective in locating the real source of business problems. It is systematic because it is an orderly examination of the organization's macro and micro marketing environment, marketing objectives and strategies, marketing systems, and specific activities. The analysis indicates the most needed improvements, which are then incorporated into a corrective action plan involving both short run and long run steps to improve overall business effectiveness. Internal environment analysis can be conducted in six ways: self-audit, audit from across, audit from above, company auditing office, company task force audit, and outsider audit. Self audit in which managers use a checklist to rate their own operations, lack objectivity and independence. The best audits come from outside consultants who have the necessary objectivity, broad experience in a number of industries, some familiarity with the industry being audited, and undivided time and attention to give to the audit. It is

periodic because it is done after a period of time. Companies are thrown into crisis partly because they failed to review their business operation during good times. A periodic analysis can benefit companies in good health as well as those in trouble.

According to Mason, (1939) , raising the level of socially responsible business calls for a three pronged attack. First, society must use the law to define, as clearly as possible, those practices that are illegal, antisocial, or anticompetitive. Second, companies must adopt and disseminate a written code of ethics, build a company tradition of ethical and legal guidelines. Third, individual business people must practice a social conscience in their specific dealings with customer and various stakeholders. The new millennium holds a wealth of opportunities for companies. Technological advances in solar energy, on-line computer networks, cable and satellite television, genetic engineering and telecommunication promise to change the world as we know it. At the same time forces in the socioeconomic, cultural, and natural environment will impose new limits on marketing and business practice. Companies that are able to innovate new solutions and values in a socially responsible way are the most likely to succeed.

## **2.5 Summary and gaps to be filled by the study.**

Most past researchers have done researches on the effects of other marketing tools on the performance of organizations. However, no known research have been done on the effects of marketing audit on the performance of Prastatals organization. This is what justified the study.

## 2.6 Conceptual framework

### Independent Variable

### Dependent Variable

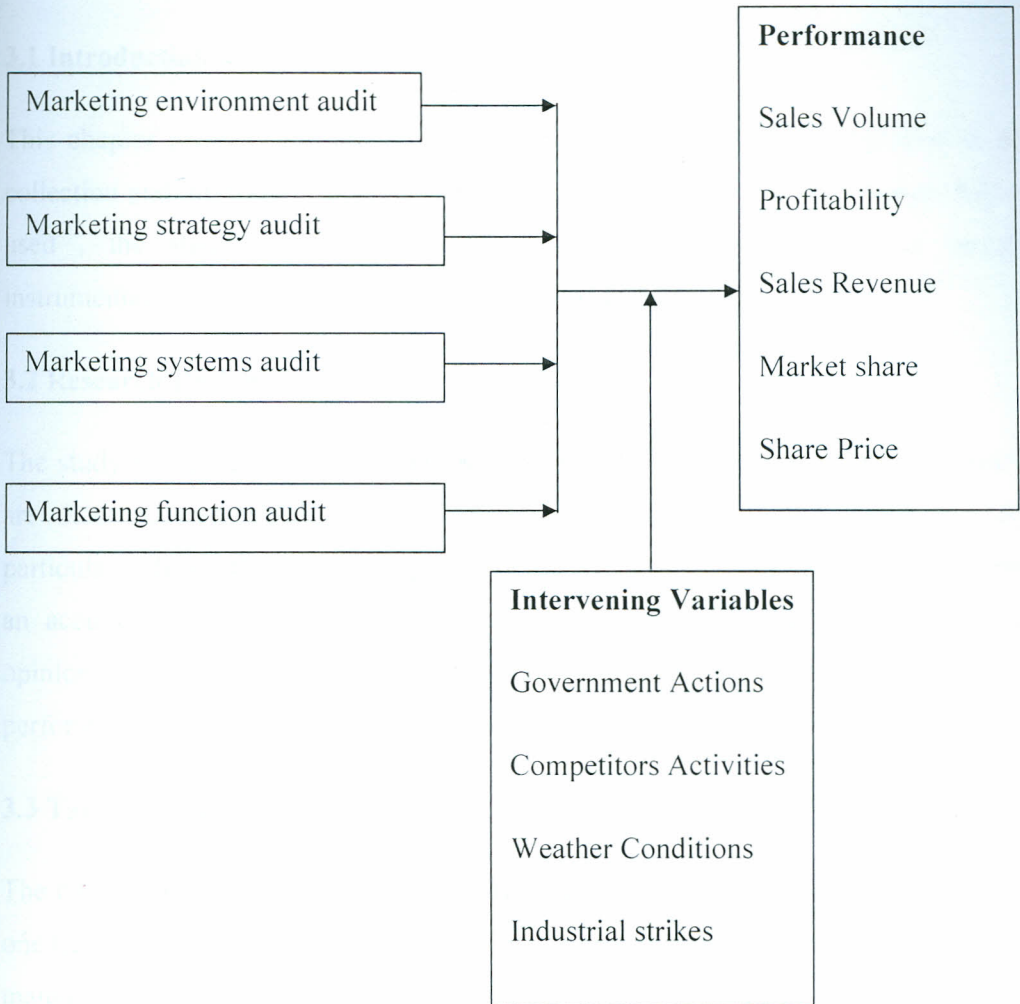


Figure 1: The conceptual framework of the study.

Source: Author (2011)

Figure 1 conceptualizes the relationship between the marketing audit and the performance of organizations. The independent variables include marketing environment audit, marketing strategy audit, marketing systems audit and marketing function audit. The dependent variable is performance.

## CHAPTER THREE

### RESEARCH DESIGN AND METHODOLOGY

#### 3.1 Introduction

This chapter presents the methodology and procedures that was employed in data collection and analysis. It gives a general description of the research design that was used , the study population, sample and sampling techniques, the research instrumentation and procedure for data collection and analysis.

#### 3.2 Research Design.

The study was a descriptive survey. Kothari (2001) avers that descriptive researches are those studies which are concerned with describing the characteristics of a particular individual, or of a group. The objective of descriptive research is to portray an accurate profile of persons, events or situations. This study shares the same opinion. The aim was to collect facts about the effects of marketing audit on the performance of parastatals, a case study of KPC, Kisumu. .

#### 3.3 Target Population.

The target population comprised of the Kenya Power Company staff which total 200, one lead accountant in KPC Kisumu branch, the district statistics bureau chief and one manager from Nairobi stock exchange. The population included employees in the top management, Middle management and operational staff. The study targeted 20 respondents from top management, 30 department heads and 150 operational staffs. The researcher also targeted the lead accountantf the Kisumu Branch of KPC, an official from Nairobi stok exchange to provide information on average share prices over the years and an official from Kenya Bureau of statistics to give information on share prices. The total population was therefoere 2002.

#### 3.4 Sampling design

The sample consisted of forty three respondents. According to Gay, (1999), at least 10% of the population is adequate in descriptive research and 40 respondents are above 10% of 200. The research employed stratified sampling technique to select the

sample. Stratified sampling was used to ensure all levels of management were proportionately represented in the sample. Simple random sampling was used to pick a representative number of respondents from each stratum. The strata are top management, department heads and operational staff. The sample was distributed as indicated in table one below.

**Table 1: Summary of the sample and the population**

<b>Level of Management</b>	<b>Population</b>	<b>Sample</b>
<b>Top Management</b>	20	5
<b>Department Heads</b>	30	10
<b>Operational Staffs</b>	150	25
<b>Total</b>	<b>200</b>	<b>40</b>

**Source: Rresearcher (2012)**

An additional three respondents were purposively selected, including the lead accountant in KPC Kisumu, a manager from the Nairobi Stock Exchange and the district statistics chief of Kisumu. Purposive sampling is where only those who have the necessary information are selected for the study, in this case the official from the Nairobi stock exchange, the district statistician and the company accountant. The sample therefore totalled 43.

### **3.5. Data collection Instruments and procedures**

Questionnaires were used to collect data from each of the respondents. A questionnaire is a collection of pre-formulated items in definite order on a form or set of forms to which a respondent is expected to react, usually in writing (Kothari, 1990; Oso & Onen, 2009). They can also be defined as pre formed and written items to which respondents are expected to respond orally but usually in written. A questionnaire was used in the collection of information from the respondents involved in the study. The tool was used to collect data required to achieve the study objectives. A questionnaire was chosen because of the ease of administration

and scoring of the instrument besides the results being readily analyzed (Ary, Jacobs & Razarieh, 1979; FAO, 1990c). They also used because they are fast, collect a lot of data is cheap and easy to administer. The items on the questionnaire were developed on the basis of the objectives of the study.

The first part of the questionnaire elicited data on selected socio-economic and personal characteristics of the respondents; The second part had information on the marketing audit approaches used by KPC; The third part had items on the components that are audited in KPC. The last part had items on how marketing audit affects the performance of KPC. They had both open ended and closed ended questions. Closed ended questions were used to collect quantitative data while open ended questions were used to collect qualitative data. The instruments were administered to the respondents by the researcher himself in order to facilitate elaboration of any aspects that could be easily understood by the respondents. Interviews were used to collect data from heads of departments and top level management extension. Interviews are person to person verbal communication in which one person (or group of persons) asks the others questions intended to elicit information or opinion (Oso & Onen 2009). In key informants' interviews, data was collected from individuals who have special information or perceptions that may otherwise not be available from other respondents. The heads of department, by virtue of being administrators, and because they are responsible for evaluation of the performances of their areas are more informed about the issue of marketing audit. They therefore provide more insight better and in different perspectives than the rest of staff.

### **3.6 Validity and Reliability**

Quality control is about ensuring acceptable levels of validity and reliability of research findings (Amin, 2005; Cohen, 1988; Oso and Onen 2009). Validity is the extent to which the results of the study can be accurately interpreted and generalized to other populations (Cohen, 1988). The questionnaires were tested in order to check their content, construct and face validity. Content validity was done to ensure that the content that the instrument contained were an adequate sample of the domain of content it was supposed to represent. Face validity deals with format of the instrument and includes aspects like clarity of printing, font size and type, adequacy of

workspace, and appropriateness of language among others. Construct validity determined the nature of psychological construct or characteristics measured by the instrument. Experts, supervisors and peers from the Department of Business Studies, Kenyatta University helped in the review to ensure the instrument accurately measured the variables it intended to measure in the study. Reliability is the extent to which research results are consistent and replicable (Amin, 2005; Kothari, 1990). According to Frankel and Wallen (2000), reliability refers to the consistency of the scores obtained and how consistent they are for each other, individual from one administration of an instrument to another and from one set of items to another, and also from one set of time to another. It was ensured by the use of internal consistency technique. The instrument was pre-tested with a sample of 10 employees similar to the study area and this was done in the marketing department. The number 10 was chosen for pre-test because according to Kathuri and Pals (1993) it is the smallest number that can yield meaningful results on data analysis in a survey research. More items were added into the questionnaire to improve its reliability.

### **3.7 Data Analysis methods**

Data was analyzed using descriptive statistics that is frequencies and percentages. The data was sorted, edited, validated, coded, entered and cleaned to check for missing values and errors. It was then entered into computer Excel spreadsheet for onward analysis. It was then presented in tables, bar graphs and pie charts.

### **3.8 Outcome**

From the findings it can be concluded that marketing environment audit increases sales revenue to a very great extent, increases profitability to a very great extent, increases market share to a very great extent and increases share price to a large extent. From the findings of this study it can be deduced that marketing strategy audit leads to improved sales revenue to a very great extent, increased profitability to a very large extent, increases market share to a great extent and improves share price to a very large extent. It can also be concluded that marketing organization audit leads to improved sales revenue to a very great extent, increased profitability to a very large extent, increases market share to a great extent and improves share price to a very large extent.. Marketing function audit leads to improved sales revenue to a very great extent, increased profitability to a very large extent, increases market share to a great

extent and improves share price to a very large extent. From the statistical data provided by KPC it can be concluded that by the firm adopting audit it has been able to change its distribution through rural electrification and other methods. This has made the company grow in market share, sales revenue sales volume and share price and therefore profits.

### **3.9 Ethical Statement**

The researcher sought a permit to conduct the study from Ministry of Education and Kenyatta University. He then sought permission from the management of Kenya Power and Lighting Company to collect data. The selected respondents were approached and requested to fill questionnaires. The research objectives were well explained to them, and confidentiality of their responses ensured. Appointments were booked for those respondents who were either be busy or unavailable. The respondents were allowed time, say 30 minutes to respond to the items personally and only guided if they sought assistance. The questionnaires were collected by the researcher after completion and the respondents were expected to answer all questions. The researcher then analyzed the data, and then wrote the final report.

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter deals with the presentation of major findings and summary of data analysis

4.2 Presentation of findings

Table 2: Management level of employees

Management level	Frequency	Percentage
Top level	10	24%
Mid level	11	27%
Operational staff	20	49%
<b>Total</b>	<b>41</b>	<b>100</b>

Source: Researcher (2012)

The research findings indicate that 24% of the respondents were in top level management; 27% were in mid level management and 49% were in the operational level. This is shown in figure 2

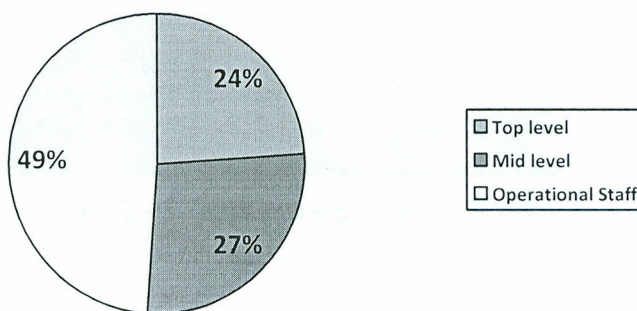


Figure 2: Level of Management of respondents

Source: Research Data(2012)

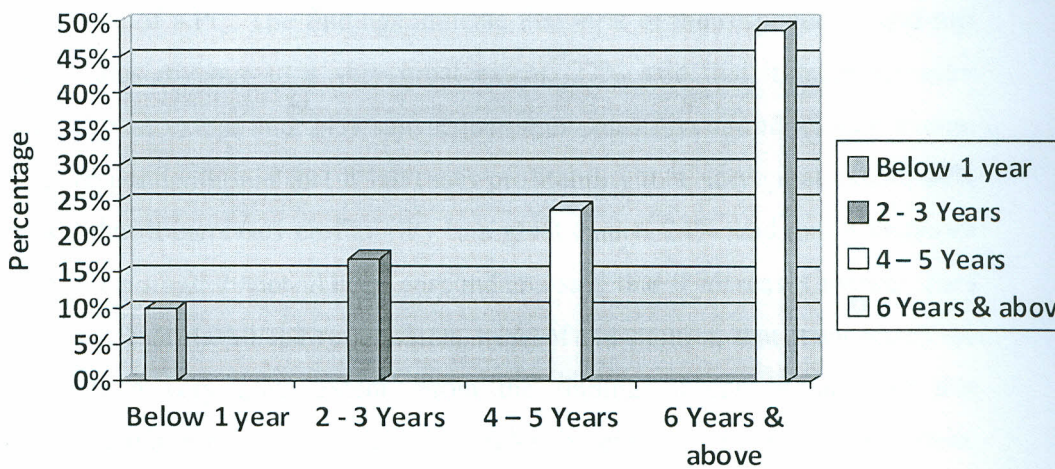
**Table 3: Length of service of respondents**

Length	Frequency	Percentage
Below 1 year	4	10%
2 - 3 Years	7	17%
4 – 5 Years	10	24%
6 Years & above	20	49%
<b>Total</b>	<b>41</b>	<b>100</b>

**Source: Research Data (2012)**

The research findings show that 10% of the respondents had been with KPC for below 1 year; 17% had been between 2 – 3 years; 24% had been with the company for between 4 -5 years and 20% had been with the company for 6 years and above. Thus is an indication that the bulk of the staff had been with KPC long enough to know how marketing audit affects the performance of the company.

Illustration are given in figure 3



**Figure 3: Length of Service of respondents**

**Source: Research Data (2012)**

**Table 4: The influence of Marketing Environment Audit on the performance of KPC**

Influence	Responses							
	A		B		C		D	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Increases sales revenue	20	49%	11	27%	10	24%	-	-
Increases sales volume	20	59%	10	24%	11	27%	-	-
Increased market share	41	100%	-	-	-	-	-	-
Increases share price	41	100%	-	-	-	-	-	-

**Source: Research Data (20121)**

The first objective was to determine the influence of Marketing Environment Audit on the performance of KPC. The findings indicate that 49% of the respondents said that it increases sales revenue to a very great extent. 27% said that it increases sales revenue to a great extent and 24% said it increases sales revenue to a small extent. 59% of the respondents said that it increases profitability to a very great extent, 24% of them said that it increases profitability to a great extent, 24% said that it increases profitability to a small extent. All the respondents said that it increases market share to a very great extent. All the respondents were of the opinion that it increases the share price to a very great extent. From the findings it can be deduced that demographic environment audit increases sales revenue to a very great extent, increases profitability to a very great extent, increases market share to a very great extent and increases share price to a large extent.

Illustrations are given in figure 4

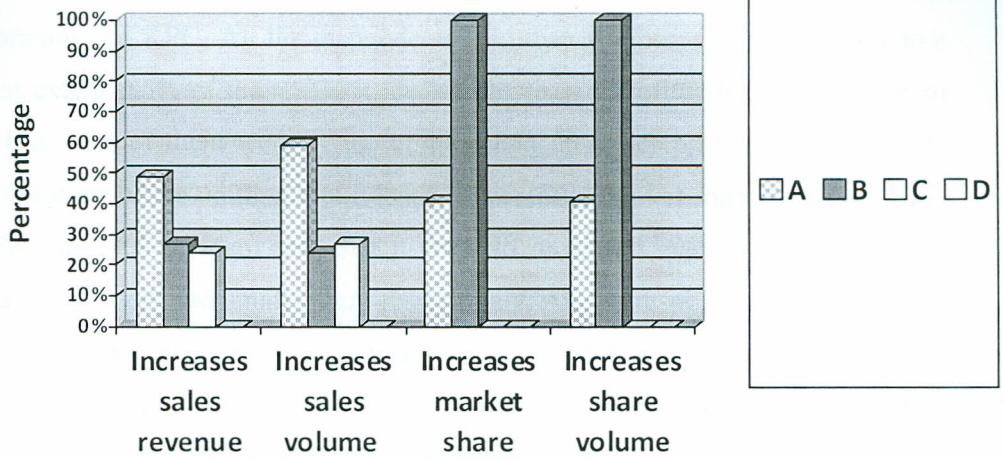


Figure 4: The influence of marketing environment Audit on the performance of KPC.

Source: Research Data (2012)

Table 5: The influence of Marketing Strategy Audit on the performance of KPC.

Influence	Responses							
	A		B		C		D	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Increases sales revenue	41	100%	-	-	-	-	-	-
Increases profitability	35	85%	6	15%	-	-	-	-
Increases market share	11	27%	20	59%	10	24%	-	-
Increases share price	41	100%	-	-	-	-	-	-

Source: Research Data (2012)

Secondly the study intended to determine the influence of marketing strategy audit on the performance of KPC. All the respondents said that it improves sales revenue to a very great extent. 85% of them said it leads to increased profitability to a very great extent while 15% of them were of the opinion that increases profitability to a great extent. 27% were of the opinion that it leads to increased market share, to a very large extent. 59% & 24% of them said that it leads to increased market share and share price to a great extent and small extent respectively. All the respondents agreed that it leads to the increase in share price to a very large extent. From this analysis it can be deduced that marketing strategy audit leads to improved sales revenue to a very great extent, increased profitability to a very large extent, increases market share to a great extent and improves share price to a very large extent..

Illustrations are given in figure 5

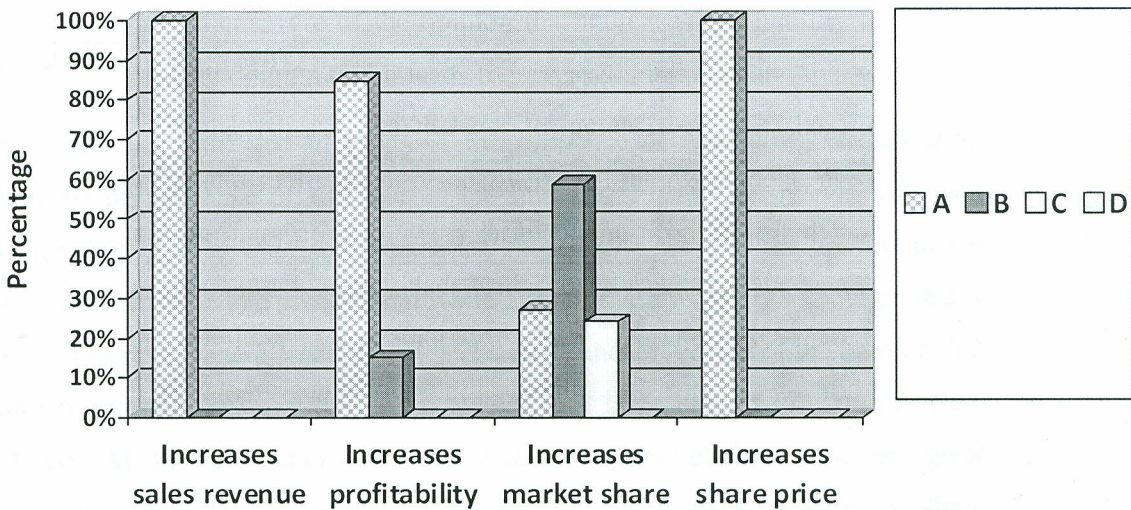


Figure 5: The influence of Marketing Strategy Audit on the performance of KPC.

Source: Research Data (2012)

**Table 6: The influence of Marketing Organization Audit on the performance of KPC.**

Influence	Responses							
	A		B		C		D	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Increases sales revenue	12	29%	20	59%	9	12%	-	-
Increases profitability	20	59%	10	24%	7	17%	-	-
Increases market share	41	100%	-	-	-	-	-	-
Increases share price	41	100%						

**Source: Research Data (2012)**

Thirdly, the study intended to establish the influence of Marketing Organization Audit on the performance of KPC. From the findings, 29% of the respondents said that it increases sales revenue to a very great extent. 59% were of the opinion that it increases sales revenue to a great extent while 12% of them were of the opinion that it increases sales revenue to a small extent. 59%, 24%, and 17% were of the opinion that it improves profitability to a very large extent, to a large extent, to a small extent respectively. All the respondents said that it increases market share to a very great extent. 54% and another 46% were of the opinion that it leads to increased share price to a very great extent & to a great extent respectively. From this analysis it can be deduced that marketing organization audit leads to improved sales revenue to a very great extent, increased profitability to a very large extent, increases market share to a great extent and improves share price to a very large extent.

Illustrations are given in figure 6

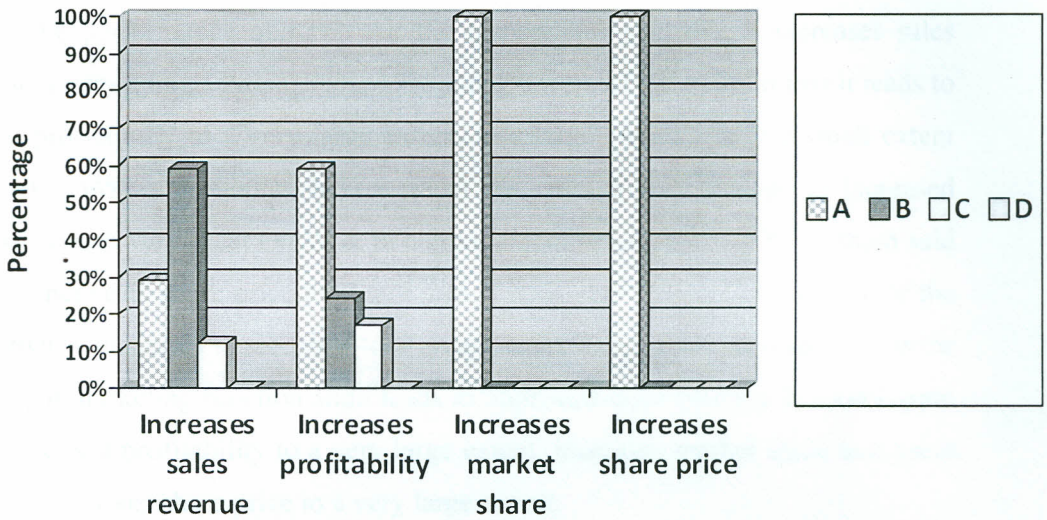


Figure 6 :The influence of Marketing Organization Audit on the performance of KPC.

Source: Research Data (2012)

Table 7: The influence of Marketing function audit on the performance of KPC.

Influence	Responses							
	A		B		C		D	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Increases sales revenue	41	100%	-	-	-	-	-	-
Increases profitability	30	73%	7	17%	4	10%	-	-
Increases market share	22	54%	19	46%	-	-	-	-
Increases share price	41	100%	-	-	-	-	-	-

Source: Research Data (2012)

The last objective of the study has to investigate the influence of Marketing Function Audit on the performance of KPC. All the respondents said that it increases sales revenue to a very a large extent. 73%, 17% and 4% were of the opinion that it leads to increased profitability to a very large extent, to a large extent and to a small extent respectively. 54% and another 46% were of the opinion that it leads to increased market share to a very great extent & to a great extent respectively. 85% of them said it leads to increased share price to a very great extent while 15% of them were of the opinion that it increases share price to a great extent. From these findings, it can be deduced that marketing function audit leads to improved sales revenue to a very great extent, increased profitability to a very large extent, increases market share to a great extent and improves share price to a very large extent.

Illustrations are given in figure 7

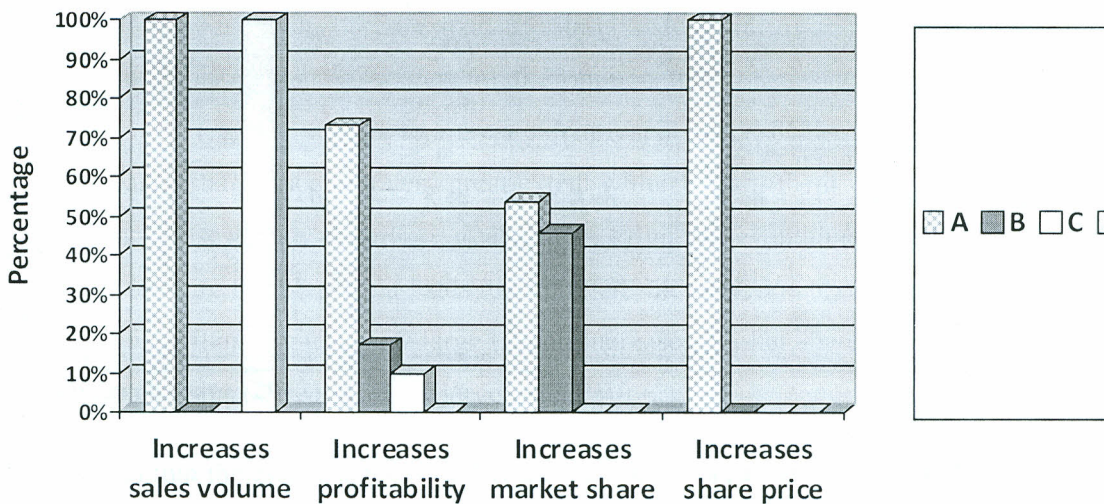


Figure 7: The influence of Marketing Function Audit on the performance of KPC.

Source: Research Data (2012)

**Table 8: The average market share, sales revenue, sales volume and share price from 2006 to 2012**

	2006	2007	2008	2009	2010	2011	2012
<b>Market Share</b>	73%	74%	75%	75.5%	76%	78%	80%
<b>Annual Average Sales revenue</b>	24,301m	29,601m	35,505m	39,665m	42,865m	69,545m	75,645m
<b>Annual Average sales volume</b>	4,090kwh	4,379kwh	4,580kwh	5,065kwh	5,322kwh	5,432kwh	5,500kw
<b>Annual Average Share price</b>	Ksh 13.5	Ksh 13.75	Ksh 14	Ksh 14.5	Ksh 15	Ksh 15	Ksh 15.35

**Source: Research Data (2012)**

Figure 4.7 reveal that the market share of KPC grew from 73,% to 74%, 75%, 75.5%, and 76% in the years 2006, 2007,2008,2009,2010 and 2011 respectively. The annual sales revenue of KPC grew from 24,301m to 29,601, 35,505, 39,665, 42865 and 69,545 in the years 2006, 2007,2008,2009,2010 and 2011 respectively. The annual average sales volume of KPC grew from 4090kwh to 4379kwh, 4580kwh, 5065kwh and 5322kwh in the years 2006, 2007,2008,2009,2010 and 2011 respectively. The share price of KPC grew from Ksh 13.5 to Kshs 13.75, Kshs 14, Kshs 14.75, Kshs 15 and Kshs 13.35 in the years 2006,2007,2008,2009,2010 and 2011 respectively. It can therefore be concluded that by the firm adopting audit it has been able to change its distribution through rural electrification and other methods. This has made the

company grow in market share , sales revenue sales volume and share price and there fore profits.

### **4.3 Summary of Data Analysis**

The first objective was to determine the influence of Marketing Environment Audit on the performance of KPC. The findings indicate that 49% of the respondents said that it increases sales revenue to a very great extent. 27% said that it increases sales revenue to a great extent and 24% said it increases sales revenue to a small extent. 59% of the respondents said that it increases profitability to a very great extent, 24% of them said that it increases profitability to a great extent, 24% said that it increases profitability to a small extent. All the respondents said that it increases market share to a very great extent. All the respondents were of the opinion that it increases the share price to a very great extent. From the findings it can be deduced that demographic environment audit increases sales revenue to a very great extent, increases profitability to a very great extent, increases market share to a very great extent and increases share price to a large extent.

Secondly the study intended to determine the influence of marketing strategy audit on the performance of KPC. All the respondents said that it improves sales revenue to a very great extent. 85% of them said it leads to increased profitability to a very great extent while 15% of them were of the opinion that increases profitability to a great extent. 27% were of the opinion that it leads to increased market share, to a very large extent. 59% & 24% of them said that it leads to increased market share and share price to a great extent and small extent respectively. All the respondents agreed that it leads to the increase in share price to a very large extent. From this analysis it can be deduced that marketing strategy audit leads to improved sales revenue to a very great extent, increased profitability to a very large extent, increases market share to a great extent and improves share price to a very large extent..

Thirdly, the study intended to establish the influence of Marketing Organization Audit on the performance of KPC. From the findings, 29% of the respondents said that it increases sales revenue to a very great extent. 59% were of the opinion that it increases sales revenue to a great extent while 12% of them were of the opinion that it increases sales revenue to a small extent. 59%, 24%, and 17% were of the opinion that

it improves profitability to a very large extent, to a large extent, to a small extent respectively. All the respondents said that it increases market share to a very great extent. 54% and another 46% were of the opinion that it leads to increased share price to a very great extent & to a great extent respectively. From this analysis it can be deduced that marketing organization audit leads to improved sales revenue to a very great extent, increased profitability to a very large extent, increases market share to a great extent and improves share price to a very large extent..

The last objective of the study has to investigate the influence of Marketing Function Audit on the performance of KPC. All the respondents said that it increases sales revenue to a very a large extent. 73%, 17% and 4% were of the opinion that it leads to increased profitability to a very large extent, to a large extent and to a small extent respectively. 54% and another 46% were of the opinion that it leads to increased market share to a very great extent & to a great extent respectively. 85% of them said it leads to increased share price to a very great extent while 15% of them were of the opinion that it increases share price to a great extent. From these findings, it can be deduced that marketing function audit leads to improved sales revenue to a very great extent, increased profitability to a very large extent, increases market share to a great extent and improves share price to a very large extent.

The study has also revealed that the market share of KPC grew from 73.% to 74%, 75%. 75.5%, and 76% in the years 2006, 2007,2008,2009,2010 and 2011 respectively. The annual sales revenue of KPC grew from 24,301m to 29,601, 35,505. 39,665, 42865 and 69,545 in the years 2006, 2007,2008,2009,2010 and 2011 respectively. The annual average sales volume of KPC grew from 4090kwh to 4379kwh, 4580kwh. 5065kwh and 5322kwh in the years 2006, 2007,2008,2009,2010 and 2011 respectively. The share price of KPC grew from Ksh 13.5 to Kshs 13.75, Kshs 14, Kshs 14.75. Kshs 15 and Kshs 13.35 in the years 2006,2007,2008,2009,2010 and 2011 respectively. It can therefore be concluded that by the firm adopting audit it has been able to change its distribution through rural electrification and other methods. This has made the company grow in market share , sales revenue sales volume and share price and there fore profits.

## CHAPTER FIVE

### SUMMARY OF FINDINGS CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter handles the summary of major findings, conclusions, recommendations and suggestions for further research

#### 5.2 Summary of major findings

The first objective was to determine the influence of Marketing Environment Audit on the performance of KPC. The findings indicate that 49% of the respondents said that it increases sales revenue to a very great extent, 27% said that it increases sales revenue to a great extent and 24% said it increases sales revenue to a small extent. 59% of the respondents said that it increases profitability to a very great extent, 24% of them said that it increases profitability to a great extent, 24% said that it increases profitability to a small extent. All the respondents said that it increases market share to a very great extent. All the respondents were of the opinion that it increases the share price to a very great extent. From the findings it can be deduced that Marketing environment audit increases sales revenue to a very great extent, increases profitability to a very great extent, increases market share to a very great extent and increases share price to a large extent.

Secondly the study intended to determine the influence of marketing strategy audit on the performance of KPC. All the respondents said that it improves sales revenue to a very great extent. 85% of them said it leads to increased profitability to a very great extent while 15% of them were of the opinion that increases profitability to a great extent. 27% were of the opinion that it leads to increased market share, to a very large extent. 59% & 24% of them said that it leads to increased market share and share price to a great extent and small extent respectively. All the respondents agreed that it leads to the increase in share price to a very large extent. From this analysis it can be deduced that marketing strategy audit leads to improved sales revenue to a very great extent, increased profitability to a very large extent, increases market share to a great extent and improves share price to a very large extent..

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The study has also revealed that the market share of KPC grew from 73,% to 74%, 75%. 75.5%, and 76% in the years 2006, 2007,2008,2009,2010 and 2011 respectively. The annual sales revenue of KPC grew from 24,301m to 29,601, 35,505. 39,665, 42865 and 69,545 in the years 2006, 2007,2008,2009,2010 and 2011 respectively. The annual average sales volume of KPC grew from 4090kwh to 4379kwh, 4580kwh. 5065kwh and 5322kwh in the years 2006, 2007,2008,2009,2010 and 2011 respectively. The share price of KPC grew from Ksh 13.5 to Kshs 13.75, Kshs 14, Kshs 14.75. Kshs 15 and Kshs 13.35 in the years 2006,2007,2008,2009,2010 and

2011 respectively. It can therefore be concluded that by the firm adopting audit it has been able to change its distribution through rural electrification and other methods. This has made the company grow in market share , sales revenue sales volume and share price and therefore profits.

### **5.3 Conclusions**

From the findings it can be concluded that marketing environment audit increases sales revenue to a very great extent, increases profitability to a very great extent, increases market share to a very great extent and increases share price to a large extent. From the findings of this study it can be deduced that marketing strategy audit leads to improved sales revenue to a very great extent, increased profitability to a very large extent, increases market share to a great extent and improves share price to a very large extent. It can also be concluded that marketing organization audit leads to improved sales revenue to a very great extent, increased profitability to a very large extent, increases market share to a great extent and improves share price to a very large extent.. Marketing function audit leads to improved sales revenue to a very great extent, increased profitability to a very large extent, increases market share to a great extent and improves share price to a very large extent. From the statistical data provided by KPC it can be concluded that by the firm adopting audit it has been able to change its distribution through rural electrification and other methods. This has made the company grow in market share, sales revenue sales volume and share price and therefore profits.

### **5.3 Recommendations**

The researcher would like to recommend to the management of KPC to establish a permanent Management Information System department to be scanning the environment on a continuous basis. They should recruit a professional staff to be manning department. They should do a thorough customer analysis to find out all the other factors that affect consumption behavior of clients. This will enable them to know the exact needs of the clients so that they will be able satisfied them by offering appropriate products. They should also do a competitor analysis so as to know their objectives, strategies strengths and weaknesses as these are likely to hinder the

achievement of their plans this will enable them to have better strategies to make them more competitive.

### **5.5 Suggestions for further research**

The study was on the influence of Marketing Audit on the performance of parastatals. Other researchers should do studies to determine the influence of Marketing Audit on the performance of manufacturing organizations.

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## APPENDICES

### APPENDIX 1: Questionnaires for KPC employees

I am a student of Kenyatta University doing a study on the effects of marketing audit on the performance of parastatals, a case study of Kenya Power Company. Your contribution by filling the questionnaire will greatly contribute to the success of this study. The findings will strictly be used for academic purposes.

Please answer the following questions.

1. In what management level are you?

Top Level

Mid level

Operational staff

2. For how long have you worked for this organization?

Below 1 year

2-3 years

4-5 years

6 years above

**Tick as appropriate**

3 a To what extent does marketing environment audit influences the following in Kenya Power Company?

**Increases Sales Revenue**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....

.....

.....

.....

**Increases Profitability**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....  
.....  
.....  
.....

**Increases Market share**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....  
.....  
.....  
.....

**Increases Share Price**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....  
.....  
.....  
.....

4 To what extent does marketing strategy audit influences the performance of the following in Kenya Power Company ?

**Inceases Sales Revenue**

- To a very great extent
- To a great extent
- To a small extent
- To a very small extent

Give illustrations

.....  
.....  
.....

**Increases Profitability**

- To a very great extent
- To a great extent
- To a little extent
- To a very small extent

Give illustrations

.....  
.....  
.....  
.....

**Increases Market share**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....  
.....  
.....  
.....

**Increases Share Price**

To a very great extent

To a great extent

To a little extent

To a very small extent

Give illustrations

.....

.....

.....

.....

5 To what extent does marketing organization audit influences the performance of the following in Kenya Power Company?

**Increases Sales Revenue**

- To a very great extent
- To a great extent
- To a small extent
- To a very small extent

Give illustrations

.....

.....

.....

**Increases Profitability**

- To a very great extent
- To a great extent
- To a small extent
- To a very small extent

Give illustrations

.....

.....

.....

.....

**Increases Market share**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....

.....

.....

.....

**Increases Share Price**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....

.....

.....

.....

6 To what extent does marketing function audit influence the following in Kenya Power Company?

**Increases Sales Revenue**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....

.....

.....

**Increases Profitability**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....  
.....  
.....

**Increases Market share**

- To a very great extent
- To a great extent
- To a small extent
- To a very small extent

Give illustrations

.....  
.....  
.....  
.....

**Increases Share Price**

- To a very great extent
- To a great extent
- To a small extent
- To a very small extent

Give illustrations

.....

.....

.....

.....

**APPENDIX 2**

**Questionnaires for KPC accountant**

I am a student of Kenyatta University doing a study on the effects of marketing audit on the performance of parastatals, a case study of Kenya Power Company. Your contribution by filling the questionnaire will greatly contribute to the success of this study. The findings will strictly be used for academic purposes.

Please answer the following questions.

1. For how long have you worked for this organization?

Below 1 year

2-3 years

4-5 years

6 years above

**Tick as appropriate**

2 What are your accounting qualifications

.....  
.....  
.....  
.....

3a To what extent does marketing environment audit influences the following in Kenya Power Company?

**Increases Sales Revenue**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....

.....

.....

.....

**Increases Profitability**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....

.....

.....

.....

**Increases Market share**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....

.....

.....

.....

**Increases Share Price**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....  
.....  
.....  
.....

4 To what extent does marketing strategy audit influences the performance of the following in Kenya Power Company ?

**Increases Sales Revenue**

- To a very great extent
- To a great extent
- To a small extent
- To a very small extent

Give illustrations

.....  
.....  
.....

**Increases Profitability**

- To a very great extent
- To a great extent
- To a little extent
- To a very small extent

Give illustrations

.....

.....

.....

.....

**Increases Market share**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....

.....

.....

.....

**Increases Share Price**

To a very great extent

To a great extent

To a little extent

To a very small extent

Give illustrations

.....  
.....  
.....

5 To what extent does marketing organization audit influences the performance of the following in Kenya Power Company ?

**Increases Sales Revenue**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....  
.....  
.....  
.....

**Increases Profitability**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....  
.....  
.....  
.....

**Increases Market share**

To a very great extent

To a great extent

To a little extent

To a very small extent

Give illustrations

.....  
.....  
.....  
.....

**Increases Share Price**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....  
.....  
.....

6 To what extent does marketing function audit influence the following in Kenya Power Company ?

**Increases Sales Revenue**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....  
.....  
.....

**Increases Profitability**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....  
.....  
.....  
.....

**Increases Market share**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....  
.....  
.....

**Increases Share Price**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....

.....

.....

.....

7 Give the average sales revenue, profits and share price from 2006 to 2012 in table 2

	2006	2007	2008	2009	2010	2011	2012
<b>Annual Average Sales revenue</b>							
<b>Annual Average Profits</b>							
<b>Annual Average Share price</b>							

### APPENDIX 3

#### Questionnaires for KPC Marketing Manager

I am a student of Kenyatta University doing a study on the effects of marketing audit on the performance of parastatals, a case study of Kenya Power Company. Your contribution by filling the questionnaire will greatly contribute to the success of this study. The findings will strictly be used for academic purposes.

Please answer the following questions.

1. For how long have you worked for this organization?

Below 1 year

2-3 years

4-5 years

6 years above

**Tick as appropriate**

2 What are your Marketing qualifications

.....  
.....  
.....  
.....

3a To what extent does marketing environment audit influences the following in Kenya Power Company?

**Increases Sales Revenue**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....  
.....  
.....  
.....  
.....

**Increases Profitability**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....  
.....  
.....  
.....

**Increases Market share**

- To a very great extent
- To a great extent
- To a small extent
- To a very small extent

Give illustrations

.....  
.....  
.....  
.....

**Increases Share Price**

- To a very great extent
- To a great extent
- To a small extent
- To a very small extent

Give illustrations

.....  
.....  
.....

4 To what extent does marketing strategy audit influences the performance of the following in Kenya Power Company ?

**Increases Sales Revenue**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....  
.....  
.....  
.....

**Increases Profitability**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....  
.....  
.....  
.....

**Increases Market share**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....  
.....  
.....  
.....

**Increases Share Price**

To a very great extent

To a great extent

To a little extent

To a very small extent

Give illustrations

.....  
.....  
.....  
.....

5 To what extent does marketing organization audit influences the performance of the following in Kenya Power Company ?

**Increases Sales Revenue**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....  
.....  
.....  
.....

**Increases Profitability**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....

.....

.....

.....

**Increases Market share**

To a very great extent

To a great extent

To a little extent

To a very small extent

Give illustrations

.....

.....

.....

.....

**Increases Share Price**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....

.....

.....

.....

6 To what extent does marketing function audit influence the following in Kenya Power Company ?

**Increases Sales Revenue**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....  
.....  
.....  
.....

**Increases Profitability**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....  
.....  
.....  
.....

**Increases Market share**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....

.....

.....

.....

**Increases Share Price**

To a very great extent

To a great extent

To a small extent

To a very small extent

Give illustrations

.....

.....

.....

.....

7 Give the average sales revenue, profits, Market share and share price from 2006 to 2012.

	2006	2007	2008	2009	2010	2011	2012
<b>Annual Average Sales revenue</b>							
<b>Annual Average Profits</b>							
<b>Annual Market share</b>							
<b>Annual Average Share price</b>							



## APPENDIX 5

### WORK PLAN

Activities	March 2012	April 2012	May 2012	June 2012
Preparation and writing of the proposal				
Collecting data				
Analysis of data				
Writing and presenting the final report				

Source: Researcher (2012)

## APPENDIX 6

### BUDGET

ITEM	ESTIMATED COST
Printing	17000
Binding	3000
Travelling	12000
Internet surfing	5000
Subsistence	13000
<b>Total</b>	<b>50 000</b>

Source: Researcher (2012)