Influence of Organizational Culture on Strategy Implementation of Commercial Banks in Kenya

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Abstract: In the recent past five years has seen the closure of banks due to poor leadership, lack of accountability and discipline, which raised a major concern on the organizational culture issues within the banking industry, which consequently caused banks to face challenges as depositors developed mistrust to commercial banks. The success of strategy implementation depends on the organization’s resources, structure, people, system and culture. Additionally, a contextual problem relating organizational culture to international and local organizations emerged, as some people say that organizational culture is more important to bigger organizations than smaller organizations. Therefore the specific objective of this research is to establish the effect of organizational culture on strategy implementation in commercial banks in Kenya and to establish the effect of firm characteristics on the relationship between organizational culture and strategy implementation. A survey research design was adopted to conduct this study, to which 40 commercial banks out of 42 responded to questionnaire. Interviews were conducted to deepen understanding of this research. The findings indicated that there is positive correlation between culture-and-strategy implementation and firm characteristics-and-strategy implementation. It was concluded that clan culture in banks was least adopted and thus causes challenges such as lack of communication transparency. Furthermore, management is failing to cultivate the skills-talents of their employees, causing laxity on how tasks are performed. Apart from this, employees are given limited opportunity to participate in decision making, thus employees feel they do not belong and this demotivates them. This research recommends bank management to involve employees in decision making, thus increasing their morale towards achieving the organization goals.

Keywords: Organizational culture, Strategy implementation, Firm characteristics

I. INTRODUCTION

The way employees appear, think, carry themselves and execute their daily tasks is dictated by their shared cultural beliefs (Alvesson, 2012). Hence organizations with strong culture evidently produce positive performance on account of employees being are able to articulate their vision, mission, short and long term goals, while weak cultures organizations perform poorly because of unnecessary disagreements, poor communication, resistance to change and unfair promotions practices (Lussier and Achua, 2010). Organizations will either have strong or weak culture. The value of organizational culture has attracted the interest of business managers as traditionally, the achievements of firms was measured by their products and services offered, technology competence, access to regulated markets and economy of scale, arguably today these measures do not matter, culture is more valuable today (Alvesson, 2012). With increasing competition within industries, firms are sourcing for new ways to outperform and outsmart their competitors by formulating and executing strategies. Ogola (2017) recognizes that in order for firms’ to achieve prolonged success, strategy by itself is not enough however incorporating organizational culture is impactful as it influences strategy from planning to execution stage. Hence, organizational culture and strategy implementation have a cause and effect association between them (Gordana, 2014).

Having a strong culture in the banking industry is important, as it influences growth and the organizations’ behaviour especially how their employees interact with each other and relate to customers, and the level of risks they undertake (Thakor, 2016). Commercial banks in Kenya have been under scrutiny in the present-day and past which has consequently affected the overall economy and the GDP of the country. In the past, the banking industry has seen the closure of 24 commercial banks in total mainly because of underperforming and irregular loans such as unsecured loans, larger director loans and inability of loan paybacks (Orwa, 2016). When consequential changes occur in the banking industry such as the recent lowering loan lending interest, banks are forced to make culture changes in order to remain competitive within the industry (Zaheer and Saleem, 2013). It is important for managers to comprehend the relationship between organizational culture and strategy implementation comprehensively in order for the organization to sustain its competitiveness (Pearce and Robinson, 2007).
Problem Statement

There are differing points of view on the cultural issues facing the banking industry to date. The closure of Chase, Dubai and Imperial banks at a row caused major concern to the industry and stakeholders and shows that major cultural issues in the industry exist because of fraud under reporting (books not balancing), off book loans to relatives and close associates, unlawful withdrawals and insider lending by top management which hinder loan performance (Orwa, 2016). Lack of accountability and discipline are causing banks to face challenges with execution of growth strategies (Edwards, Boehmer and Seale, 2013). Cultural issues in the banking industry are affecting strategy execution and the common issues being misaligned incentives, poor leadership and inadequate supervision (Deloitte, 2013). Senior management acknowledge that they are responsible for setting, maintaining and charging organization’s culture (Deloitte, 2013).

There are different findings from global and local research on the influence of firm characteristics to organizational culture and strategy implementation. Contextually there is a problem relating culture to international firms and local firms. For instance, some people say culture is more important to bigger firms than smaller firms. However, according to Spicer et al. (2014) globally smaller banks have adopted organizational culture better than bigger banks, while local studies showcase different results as bigger banks have had incredible success in implementing strategies (Odero and Mutua, 2016), yet smaller banks are facing organization culture challenges (Warugongo, 2014). Kocianski (2017) reports the struggle of culture change by bigger banks in comparison to smaller banks and it has been an obstacle to banks’ innovation growth success. Emerging and Small and Medium-sized Enterprise banks have adopted cultures and found new ways to eradicate culture-strategy issues. With this, the researcher was interested to explore and make necessary scholarly contributions towards the cultural issues affecting the quality of strategy implementation in commercial banks in Kenya, in the past five years.

Organizational Culture

“Organizational culture is the aggregate of beliefs, norms, attributes, values, assumptions, and ways of doing things that is shared by members of an organization and taught to new members” (Lesser and Achua, 2010, p. 370). As a result the way employees appear, think, carry themselves and execute their daily tasks is dictated by their shared cultural beliefs (Alvesson, 2012). However Traphagan (2015) criticizes the concept of culture as misleading to organizations’, because various people within the group have different beliefs and attitudes. Consequently, in order to build strong culture, organizations should focus on enhancing their shared philosophies, vision and mission, training and mentoring employees, giving rewards and promotions (Mesoroka, 2012). Cultural beliefs in organizations’ can be competitive, traditional or innovative and are modelled based on how the organization responds to its environment (Lassser and Achus, 2010).

The revolution of culture is complex, as its change is contingent on the organization’s strategic plan, prevailing administration and environment (Katzenbach, Carolin and Thomas, 2016). According to Alvesson (2012) organizational culture is difficult to understand and apply specifically because of conflicting sub-culture, political differences and communication failure, making organization leaders play a significant role in their culture as they determine either to develop or enhance their culture (Witte and Muijen, 1999). In spite of this, to accomplish business success, organizational culture must be used as a means to obtain strategic goal rather than for boosting morale (Chopra, 2010), and it must coexist with knowledge for the firm to benefit sustained competitive advantage (Alvesson, 2012). Organizations with stronger cultures support trust, honesty, responsibility, accountability and excellent communication (internal and external) and their leaders celebrate achievements with rewards and act as role models (Lesser and Achua, 2013) which results to positive results.

Furthermore, firm characteristics affect how organizations behave and rather how they conceptualize their culture effectiveness. Thakor (2016) states that organizational culture is stronger in established, smaller and older firms. From their study, Zeng and Luo (2012) reported that developed or growing organizations tend to have more formalized rules, procedures and control systems while smaller firms are flexible and informal policies, therefore large firms have high capacity for setting long term goals and strategies because they have more resources while small focus on short term strategies since they are short of resources and operate in an uncertain environment.

Strategy

Strategy is a long-term goal with intend to obtain future success (Thomson and Fuller, 2010) by achieving goals and mission (Grant, 2010). It is the highest precedence of top level management is the excellence to execute (Kaplan and Norton, 2008). Strategy provides the organization with assurance of gaining its competitive advantage, while minimizing threats (Karami, 2007) and it must be consistently monitored to ensure ongoing improvement (Dransfeld, 2001). The prosperity of the firm is determined by how the strategy is formulated and implemented. Strategy needs to be flexible in order to cope with uncertain environment (Kourdi, 2009).
Strategy Implementation
Strategy Implementation is the process that turns the strategic plan into action in order to accomplish organizational goals (Pride and Farell, 2003). Strategy implementation possess great challenge to managers as they must address how, who, where, and when organizations’ goals will be achieved (Anastasia, 2017). Therefore everybody in the firm including employees, leaders, culture and structure must be involved during strategy implementation (Harvard Business School, 2009). It is essential for managers to demonstrate how to align their employees with their strategy in order to accomplish successful strategy implementation (Levitt, 2015). According to Speculand (2009) leaders must communicate, motivate and design culture suitable for strategy implementation success. They should provide direction, explain the consequences when strategy fails or succeeds, address resistance to change by providing the right information and involving junior employees (Harvard Business Review, 2009).

Accordingly, strategy management scholars agree that strategies fail at the implementation phase because of improper procedures, vague communication of strategy from senior management (Dunlop, Firth and Lurie, 2013), ambiguous objectives, not having an appropriate team (Wright, 2015), lack of commitment from management and putting the plan away instead of taking action (Aileron, 2011), going beyond the strategy plan scope, plans trimmed in order to reduce costs, and inadequate human resource (Harvard Business School, 2006).

Banking Industry in Kenya
The banking industry has immensely developed to being a major leader to Kenya’s economy over the years to date. Presently, forty two (42) commercial banks have been registered operating in Kenya. However, Giro Commercial Bank and Habib Bank Limited Kenya are in the process of being acquired by I&M holdings and Diamond Trust Bank respectively, while SBM (formerly Chase Bank) and Imperial Bank are under receivership (Cytonn Investments, 2017). There are 3 local public banks, 24 private owned and 15 foreign owned banks with 8 large banks, 11 medium and 22 small banks (CBK, 2016). A few commercial banks in Kenya have reported poor performance that resulted in their closures and being under receivership. This is due to poor leadership as bank leaders are failing to adopt organizational culture which has affected them from obtaining their main objective for financial profitability (Ngugi, 2014; Njonjo and Sidhani, 2013).

From time to time banks have been attributed to neglecting organizational culture when faced with persisting challenges (Goromonzi, 2016). However despite the cultural issues faced in the banking industry, some banks are transforming their cultures in order to re-establish trust, discipline and accountability by modeling culture change from top to low level employees through leadership. This enables that any bank culture to succeed and sustain their high performance (Edwards, Boehmer and Seale, 2013).

Conceptual Framework
This research is conceptualized as shown in Figure 1. It illustrates the relationship between organizational culture (independent variable) and strategy implementation (dependent variable) and how its firm characteristics (moderating variable) affect this relationship.

Figure 1: Conceptual framework
II. RESEARCH DESIGN AND METHODOLOGY

Research Design
This research adopted a survey design, because it enabled the researcher to draw quantitative and qualitative conclusions from the behaviours or opinions or characteristic from the sample of commercial banks in Kenya population (Creswell 2014). The population of interest for this study was the entire population, consisting of 42 commercial banks licensed in Kenya to which 40 responded.

Description of Research Instruments
Both primary and secondary methods of data collection were used. For primary method, standardized questionnaire (quantitative) and interview (qualitative) instruments were used to collect data. Face-to-face interview was also administered in order to elaborate further into the respondents’ view (Seidman 2013). Secondary data was collected from bank reports, websites and internal journals provided information about the banking sector (Vartanian, 2010).

Description of Data Analysis Procedure
Descriptive and inferential statistics were applied to analyse the collected data, this was aided by Statistical Package for Social Sciences Software version 20.0. Correlation and regression analysis was used to study the relationship between organizational culture and strategy implementation. The Regression formula was used to estimate the relationship:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \Sigma \]

Where:
- Y = Strategy implementation (dependent variable)
- \( \beta = \) Constant
- X_1 = Hierarchical culture
- X_2 = Clan culture
- X_3 = Adhocracy culture
- X_4 = Market culture
- X_5 = Firm Characteristics
- \( \Sigma = \) Error term, which is assumed to be normally distributed with mean zero and constant Variance.

Reliability of the Research Instrument
To check for reliability the researcher used internal consistency where similar questions were administered to respondents and the expected outcome was similar for these questions (Stephanie, 2016). The Cronbach alpha was utilized to check for internal consistency. It has the capacity to examine the reliability of the Linkert scale questions used; the scale will rate from 1 to 5. The value obtained was 0.894. Hence the questionnaire was considered to be reliable.

Validity of the Research Instrument
To achieve accurate results construct and content validity was utilized. To ensure construct validity the traits to be measured were present in the data collection instruments (Albana, 2016). Content validity ensures that questions administered are within the context of the goal research study. The questionnaire and interview solely contained questions relevant to the study (Parker, 2013) which were verified by the researcher’s supervisor experts to make a judgment about the degree to which the questions match the research objectives (Brown, 2000).

III. RESULTS AND PRESENTATION OF FINDINGS
The section discusses the response rate, general bank information, organizational culture attributes and their effect on strategy implementation and how firm characteristics affect the relationship between organizational culture and strategy implementation.

Background Information
The researcher looked into the background information of the commercial banks in order to capture their firm characteristics which are part of the research objectives of this research. These items included; the number of years the banks has been in existence, bank operation range, bank ownership and the number of bank branches operating in Kenya. The researcher used secondary data from bank reports to support the background information captured from the questionnaire.

With regards to the number of years the bank has been in existence, an overwhelming majority (90%) confirmed that their respective banks have been in existence for more than 30 years. A few (10%) however indicated that their banks had been in operation for 11 to 20 years. Bank Ownership categories included government, foreign and private. Hence, the respondents indicated the type of ownership of their banks as hereby explained. The majority (70%) of respondents indicated that their bank is privately-owned; while 20% indicated that their banks are foreign
owned and the remaining 10% are government owned. Forty percent (40%) of the respondents indicated that their bank operated 50 to 100 branches; whereas another 40% pointed out that they operated below 50 branches. The remaining 20% indicated that they have 150 and above branches operating in Kenya.

**Hierarchy Culture**

In terms of organizational structure, a majority (60%) of the respondents disagreed that their organization values structure and reporting given to particular persons. On the other hand, 30% were positive by very strongly agreeing and 10% strongly agreeing with this statement. When asked to indicate whether bank leaders provide employees with clear framework to achieve their responsibilities, 50% of the respondents agreed and a few (10%) very strongly agreed with the statement, while 40% disagreed.

Overwhelming majority (70%) of respondents disagreed that managers do not solely make decisions, in contrast, the minority (10%) strongly agreed and 20% agreed. This showed that in most banks, power and control was not shared. For instance, from interview, bank employees in most occurrences were not involved in decision making especially during formation of strategy.

### Table 1: Hierarchy Culture

<table>
<thead>
<tr>
<th>Statements</th>
<th>V. SA</th>
<th>SA</th>
<th>A</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization values structure and reporting is given to particular persons</td>
<td>30</td>
<td>10</td>
<td>-</td>
<td>60</td>
<td>-</td>
</tr>
<tr>
<td>Managers provide employees with clear framework to achieve their responsibilities</td>
<td>-</td>
<td>10</td>
<td>-</td>
<td>50</td>
<td>40</td>
</tr>
<tr>
<td>Managers do not solely make the decisions</td>
<td>-</td>
<td>10</td>
<td>20</td>
<td>70</td>
<td>-</td>
</tr>
<tr>
<td>Job responsibility is guided by clear rules and procedures</td>
<td>20</td>
<td>30</td>
<td>-</td>
<td>30</td>
<td>20</td>
</tr>
</tbody>
</table>

Key: VSA- Very Strongly Agree, SA-Strongly Agree, A- Agree, D-Disagree, SD-Strongly Disagree

In terms of procedure and policies, 20% very strongly agreed and 30% strongly agreed that their job responsibility is guided by clear rules and procedures. On the other hand, 30% disagreed and 20% strongly disagreed that rules and procedures decided how to perform their work. Data collected from the interview, showed that having precise ways of doing things created standardization of how services were provided across the bank. In addition, reporting within the bank was characterised as strict, that follows vertical reporting channel that is, employees only report to immediate supervisor and done through email.

**Clan Culture**

The respondents were asked to indicate their extent of agreement or disagreement on various statements on the clan culture adopted in their respective banks.

### Table 2: Clan Culture

<table>
<thead>
<tr>
<th>Statements</th>
<th>V. SA</th>
<th>SA</th>
<th>A</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers show employees how to perform their tasks better</td>
<td>-</td>
<td>30</td>
<td>10</td>
<td>60</td>
<td>-</td>
</tr>
<tr>
<td>Work relationship within the organization is characterized as family-like</td>
<td>-</td>
<td>40</td>
<td>30</td>
<td>30</td>
<td>-</td>
</tr>
<tr>
<td>Information is shared transparently within the organization</td>
<td>20</td>
<td>10</td>
<td>10</td>
<td>60</td>
<td>-</td>
</tr>
<tr>
<td>Managers occasionally delegate decision making to employees</td>
<td>-</td>
<td>30</td>
<td>70</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Assignments are evaluated as a team</td>
<td>-</td>
<td>50</td>
<td>-</td>
<td>50</td>
<td>-</td>
</tr>
</tbody>
</table>

Key: VSA- Very Strongly Agree, SA-Strongly Agree, A- Agree, D-Disagree, SD-Strongly Disagree

A majority (60%) of the respondents disagreed that managers show employees how to perform their tasks better, however the remaining 30% strongly agreed and 10% agreed with the statement. This is an indication that bank leaders are not taking necessary incentives to improving the talents/skills of their employees.

When asked to indicate whether the work relationship within the organization is characterized as family-like, 40% strongly agreed, 30% agreed and 30% disagreed. To manage working relationship, some banks have developed mechanisms to address conflicts by holding service focus meetings to address arising disputes. A majority (60%) of respondents disagreed that information was shared transparently within the organization, in contrary 20% very strongly agreed, 10 % strongly agreed and agreed with the statement. During the interview
It emerged that sometimes employees are not informed on new strategies or the banks’ current affairs; rather communication is only given to individuals directly involved with the situation.

In terms of employee participation, an overwhelming majority (70%) of the respondents disagreed that managers empowered employees participate in decision making, while 30% agreed that employees were involved in decision making. Equal response was obtained on teamwork between leaders and employees. Half (50%) of the respondents strongly agreed that assignments are evaluated as a team and the other half disagreed.

**Adhocracy Culture**

Most of the respondents were positive that their bank achievement is attributed to obtaining unique product and/or service with 10% strongly agreeing, 40% strongly agreeing and 20% agreeing, whereas 30% disagreed with this statement.

<table>
<thead>
<tr>
<th>Statements</th>
<th>V. SA</th>
<th>SA</th>
<th>A</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers encourage employees to think independently and find new ways to solve problems</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Managers encourage innovative ideas to take risks for organization benefit</td>
<td>50</td>
<td>10</td>
<td>30</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Managers encourage and award brainstorming from employees</td>
<td>-</td>
<td>30</td>
<td>30</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Employees aren’t scared to make mistakes by taking risks</td>
<td>-</td>
<td>20</td>
<td>-</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>Obtaining unique products/services describes the bank achievements</td>
<td>10</td>
<td>40</td>
<td>20</td>
<td>30</td>
<td></td>
</tr>
</tbody>
</table>

Key: VSA- Very Strongly Agree, SA-Strongly Agree, A- Agree, D-Disagree, SD-Strongly Disagree

In terms of creativity and innovation, 30% strongly agreed, 30% agreed and 30% disagreed with the statement that managers encourage employees to think independently and find new ways to solve problems while the remaining 10% strongly disagreed with the statement. When asked to indicate whether the managers encourage innovative ideas to take risks for organization benefit, 50% strongly agreed and 10% agreed with the statement. On the other hand, 30% disagreed and 10% strongly disagreed with the statement. Estimated (40%) of respondents disagreed that managers encouraged and awarded brainstorming from employees, while 30% strongly agreed and 30% agreed with the statement. This is indicates that banks are fairly constant to tapping new opportunities from their employees. In addition, an overwhelming majority (80%) of the respondents disagreed with the statement that employees aren’t scared to make mistakes by taking risks, while only a few (20%) agreed with the statement. This shows that most banks are not fostering an innovative working environment. Also, innovation in most banks were encouraged depending on the situation, for example to target young customer share, young employees were involved.

**Market Culture**

With market culture, setting high expectations in the organization ensures that employees work towards achieving the organization’s goals. Accordingly, a majority (50%) of the respondents very strongly agreed that high expectations and achievements were set for employees. In addition 10% strongly agreed and 20% agreed to the statement; however 20% disagreed that high expectations were set for employees.

<table>
<thead>
<tr>
<th>Statements</th>
<th>V. SA</th>
<th>SA</th>
<th>A</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>High expectations and achievements are set for employees</td>
<td>50</td>
<td>10</td>
<td>20</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>To get the job done employees must become competitive</td>
<td>-</td>
<td>50</td>
<td>30</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>To get the job done managers must become competitive</td>
<td>10</td>
<td>20</td>
<td>50</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>The organization rewards according to task achieved</td>
<td>20</td>
<td>60</td>
<td>20</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

Key: VSA- Very Strongly Agree, SA-Strongly Agree, A- Agree, D-Disagree, SD-Strongly Disagree

In the interest of achieving organization goals’, 50% strongly agreed that employees needed to become competitive to get the job done, while 30% also agreed with this statement. However 20% of the respondents disagreed. Furthermore, when asked if managers needed to become competitive in order to get the job done, a few (10%) of the respondents very strongly agreed with 20% strongly agreed and 50% agreed, although 20% disagreed with this statement. The interview captured also that, developing healthy competition within the organization can be
recognized as a catalyst for employees to perform their tasks to achieve organization goals. Nonetheless, setting high expectations for employees resulted to pressure and stress during strategy implementation, especially when they were not involved during strategy formation.

When asked whether the organization rewards employees according to their task, all respondents revealed positive responses by very strongly agreeing (20%), strongly agreeing (60%) and agreeing (20%). This shows that banks are working towards motivating their employees to implement strategies.

Inferential Statistics

For the inferential analysis, both the correlation and regression analysis were done and the results are as presented below.

Correlation Analysis

The table below displays the correlation matrix for the relationships between the four independent variables, namely; hierarchy culture (HC), Adhocracy Culture (AC), Clan Culture (CC), Market Culture (MC) and the dependent variable Strategy Implementation (SI).

Table 5: Relationship between Organizational Culture and Strategy Implementation

<table>
<thead>
<tr>
<th></th>
<th>SI</th>
<th>HC</th>
<th>AC</th>
<th>CC</th>
<th>MC</th>
</tr>
</thead>
<tbody>
<tr>
<td>SI</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.855**</td>
<td>.933**</td>
<td>.601**</td>
<td>.693**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>HC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.855**</td>
<td>1</td>
<td>.776**</td>
<td>.802**</td>
<td>.509**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.001</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>AC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.933**</td>
<td>.776**</td>
<td>1</td>
<td>.500**</td>
<td>.760**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.001</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>CC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.601**</td>
<td>.802**</td>
<td>.500**</td>
<td>1</td>
<td>.187</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.001</td>
<td>.249</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>MC</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.693**</td>
<td>.509**</td>
<td>.760**</td>
<td>.187</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.001</td>
<td>.000</td>
<td>.249</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
</tbody>
</table>

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

The results show that there is a strong association between; hierarchy culture (HC), Adhocracy Culture (AC), Clan Culture (CC), Market Culture (MC) and the organisation Strategy Implementation (SI). This is in line with Pearce & Robinson (2007) study findings.

Regression model

As presented in the coefficient of determination, R square is 0.916 and R is 0.957 at 0.05 significance level. The coefficient of determination indicates that 91.6% of the variation on strategy implementation is influenced by firm characteristics, adhocracy culture, Hierarchy Culture, Clan Culture and Market Culture. The implication is that, there exists a positive significant relationship between independent variables and strategy implementation in commercial banks in Kenya.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.957*</td>
<td>.916</td>
<td>.903</td>
<td>1.23631</td>
</tr>
</tbody>
</table>

| a. Predictors: | Constant, Firm Characteristics, Adhocracy Culture, Hierarchy Culture, Clan Culture, Market Culture |

Table 7 below presents the ANOVA results for the overall model, interpreting statistical significance in analyzing the influence of the independent variables on the strategy implementation in commercial banks in Kenya since the P<0.000 which is less than 0.05 at 5% level of significance. Therefore, it can be concluded that adhocracy culture, Hierarchy Culture, Clan Culture, Market Culture and firm characteristics have a positive significant influence on the strategy implementation in commercial banks in Kenya.
Table 7: ANOVA Results for the Optimal Regression Model

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>564.432</td>
<td>5</td>
<td>112.886</td>
<td>73.856</td>
<td>.000a</td>
</tr>
<tr>
<td>Residual</td>
<td>51.968</td>
<td>34</td>
<td>1.528</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>616.400</td>
<td>39</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Strategy Implementation  
b. Predictors: (Constant), Firm Characteristics, Adhocracy Culture, Hierarchy Culture, Clan Culture, Market Culture

Table 8: Impact of Organizational Culture on Correlation

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hierarchy Culture</td>
<td>1.521</td>
<td>1.249</td>
<td>1.218</td>
<td>.232</td>
</tr>
<tr>
<td>Adhocracy Culture</td>
<td>.503</td>
<td>.181</td>
<td>.335</td>
<td>.277</td>
</tr>
<tr>
<td>Clan Culture</td>
<td>.721</td>
<td>.117</td>
<td>.652</td>
<td>6.141</td>
</tr>
<tr>
<td>Market Culture</td>
<td>.021</td>
<td>.114</td>
<td>.001</td>
<td>.011</td>
</tr>
<tr>
<td>Firm Characteristics</td>
<td>.033</td>
<td>.098</td>
<td>.028</td>
<td>.338</td>
</tr>
</tbody>
</table>

As shown in the table above, the Beta value for Adhocracy culture (Beta=.721), hierarchy culture (Beta=.503), clan culture (Beta=.021) and market culture (Beta=.033), firm characteristics (Beta=.173) are positively related to the strategy implementation in commercial banks in Nairobi. With regards to their statistical significance, hierarchy culture (t=2.770, p=.009), Adhocracy Culture (t=6.141, p=.000) and firm characteristics (t=4.718, p=.000) is significant. However, the clan culture (t=.011, p=.991) and market culture (t=.338, p=.737) in the commercial banks is not significant. The Beta value also indicates the magnitude of increase in strategy implementation as predicted by a unit increase in the case holding all other variables constant.

IV. CONCLUSION AND RECOMMENDATIONS

Conclusions

This research determined that hierarchy culture, clan culture, adhocracy culture and market culture is present in commercial banks and positively influences strategy implementation. Hierarchy culture is important to banks, as it ensures standardization and process consistency across all banks. It guarantees bank managers to coordinate and organize workflow to avoid confusion within the organization by giving direction to subordinates, guided by procedures and policies. Managers do not share power or control, therefore managers solely has authority to allocate resources to support strategy implementation initiatives.

In contrary, clan culture possesses a challenge to most banks as it was established that communication is not transparent because only involved parties were communicated to. Few banks have adopted family-like culture, most of which belong to small tier bank group, because of the manageable number of employees compared to larger banks. Furthermore, bank managers are failing in mentoring employees on how to perform their job responsibilities. Additionally, employees are given limited opportunity to participate in decision making, thus employees feel like they do not belong and demotivates them.

Most banks accredit their success to obtaining unique products and/or services. This is a result of bank managers stimulating creativity and innovation which encourages employees to submit innovative ideas. In addition, managers seek these ideas, execute and merit employee contribution; this demonstrates entrepreneurial morale and the willingness of the organization to take risks for the benefit of the organization. However, most employees are not prepared to make mistakes by taking risks; this is causing a challenge to the organization, as employees are a key resource in strategy formulation and implementation.

With market culture, banks have established a competitive environment with the intention to stimulate performance amongst employees, consequently affecting strategy implementation positively. Setting high goals, expectations and rewarding achievements ensures that both management and employees aggressively achieve the bank’s goals. However the lack of employee involvement during strategy formulation was identified as de-motivator...
for employees into achieving these high expectations. Furthermore, the study reported that creating competitive pressure in the organization causes frustration and high stress levels, which affects how strategy is implemented.

Firm characteristics affect the relationship of organizational culture and strategy implementation in the banking sector. It was established that foreign owned banks perform better in strategy implementation compared to private and government owned banks. It was observed that foreign banks in Kenya, consistently stimulate innovations and also excellent in providing sufficient financial and human resources to execute strategies. Also, foreign banks share same culture traits with their parent banks and are flexible to adapt to external uncertainties better unlike private and government owned banks (Zeng and Lou, 2010).

The study also showed that older banks tend to deliver strategy implementation better compared to younger banks. Experienced banks have established their culture over the years of their operation that enables them to implement strategies better. Smaller banks adapt to new strategies easily because they don’t require a lot of correspondence and transformations in their internal operations compared to larger banks. However, bigger banks are performing better than small banks, because of consistency, they have more resources and expertise that enables them to adapt to uncertainties better and quicker (Zeng and Lou, 2010).

**Recommendations**

It was observed that clan culture is least dominant in the banking sector. Therefore, the study recommends inclusion of employees in decision making process during strategy formulation and implementation. This will consequently increase employee- involvement as a result motivating employees to achieving strategy implementation expectations. To effectively achieve this, the banking sector should incorporate proper employee mentorship and leadership towards achieving their goals. Also, the organizational structure to be flexibly streamlined to facilitate a good flow of communication, as strained communication channels frustrates strategy implementation process. When new strategies are communicated in time and within the shortest period will positively increase the implementation process.

The research also recommends commercial banks to encourage innovativeness and creativity among the employees during strategy formulation and implementation phases. Incorporating mentorship in banks will give employees confidence in taking risks and owning to them. Furthermore, banks should also have creativity workshops to ignite creativity within the organization at the same time building teamwork.

**V. REFERENCES**


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