INFLUENCE OF CORPORATE CULTURE ON STRATEGY IMPLEMENTATION WITHIN COMMERCIAL BANKS IN KENYA

BY

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DECLARATION

I declare that this dissertation is the result of my own independent investigation and that all sources are duly acknowledged in the bibliography.

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DEDICATION

This research project is especially dedicated to my wife Laura and son Ian to my parents and the entire family members for their love, encouragement and support throughout my studies.

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ABSTRACT

The purpose of this study was to determine the influence of Corporate Culture on Strategy implementation among Commercial banks in Kenya. This study therefore sought to bridge the gap by determining corporate cultural issues on strategy implementation within commercial banks in Kenya. This was particularly important given the sectors contribution to Gross Domestic Product and the competitiveness within the sector because of deregulation.

A quantitative and qualitative research design was undertaken based on a multi-method approach of interviews and self-completion questionnaires. Data was collected from a combination sample of 38 respondents drawn from a list of commercial banks. The data was analysed using percentages, and then presented using graphs and tables with the interpretation based on resulting means and ranking. Transcripts from the interviews were analysed for recursive themes and related for commonality with quantitative data.

The findings of this research revealed that attitudes as one of the elements of corporate culture have the most bearing influence on strategy implementation among commercial banks, while existing rules, norms, ethical codes, values and heroes equally influence strategy implementation among commercial banks. The research further identified stories, myths, legends and artifacts as other elements of corporate culture that have an influence on strategy implementation. The research further identified symbols and symbolic actions including, office décor, clothing and logos as visual presentations of the company which lock in the users into prescribed behavior that gives them status an important aspect of strategy implementation.

The study concluded that successful strategy execution requires that the elements of culture are supportive if not compatible with the strategy to be implemented. Furthermore, this study concluded that a strategy- supportive culture funnels organizational energy towards getting the right things done and delivering positive organizational results. Although, strategy- culture can lead to problems created by a series of psychological processes; this study recommended that cultural values are very powerful because they inspire employees by appealing to their ideals and clarify expectations and thus overtime results to good strategy implementation.

While this research provides valuable insight into the influence of corporate cultural issues to strategy implementation, the researcher recognizes the small sample size for a generalization of the entire financial services sector as a major limitation. In addition information ended up being collected from branch managers who may not represent the organisation wide culture.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Today's important things for organizations are the amount of their goal achievement and how they should consider all aspects for reaching desired ends. The problem in today's financial services is the competition and dynamism of environment and unknowns of the outside and inside of the organization each affecting the implementation of plans especially strategic ones. Diversification and broadness of financial services have increased placing emphasis on successful strategy implementation.

Strategies designed to produce reliable, but not outstanding performance, simply cannot match the standards of excellence set by world-class competitors. The requirements of the marketplace demand an ever improving utilization of all resources. According to Walton (1991), enterprise excellence strategies require innovation, flexibility, and a highly motivated, committed workforce supported by a dynamic, high performance, high commitment corporate culture(Sheerwood,1988).This culture must allow and support change instead of supporting the resistance many organizations experience when attempting strategy implementation.

Executing good strategy depends upon its 'hard and soft' infrastructures, with hard infrastructure pertaining to the organization of the various business units, departments and employees while soft structure refers to the culture and norms of the company that is geared towards the achievement of the goals of the firm (Omid and Hamid, 2007). Corporate culture links these infrastructures. Corporate culture refers to the core values, business principles, ethical standards, operating practices, approaches, and working

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environment of a business firm. The aggregate of these values, beliefs and principles translate into the attitudes and behaviors of employees charged with the execution of strategy. This means that if the corporate culture does not influence its employees to develop positive attitudes towards the efficient accomplishment of strategies or create an environment that encourages employees to recognize their important contribution to the fulfillment of the strategies of the firm, then the business would likely not have good strategies or fail to implement its policies.

Organizations should then develop a corporate culture that motivates efficiencies in strategic implementation. Implementation of good strategies indicates that strong corporate culture facilitates the fulfillment of good strategies more than weak corporate culture. This is because strong cultures provide a working environment that provides a common value and belief system to motivate collaboration and commitment among business units and departments. This in turn allows a business firm to implement its strategies in the most efficient manner.

A culture grounded in strategy-supportive values, practices and behavioral norms adds significantly to the power and effectiveness of a company strategy execution effort (Thompson *et al*, 2005). For example a culture where frugality and thrift are widely shared by organizational members' nurtures employee actions to identify cost-saving opportunities which is the very behavior needed for successful execution of a low-cost leadership strategy. Thompson *et al* (2005) further argues of forming organizational culture to enable adjustment of strategies. This include creating common values, defining ethical criteria, creating a work place which support strategies and creating high achievement motives in culture of organizations. Corporate culture is as important as

successful strategy implementation for organizational success. Both corporate culture and strategy implantation are tightly intertwined and focusing on one of them to the detriment of the other will not bring the desired results.

1.1.1 Strategy Implementation

Strategies are a critical element in organizational functioning, but whereas most organizations have good strategies, successful implementation remains a major challenge. The notion of strategy implementation might seem quite straightforward; a strategy is formulated and then implemented. To the contrary, transforming strategies into action is far complex, difficult and a challenging undertaking and therefore not as straight forward as one would assume (Aaltonen and Ikavalko, 2001)

Implementing strategy is the connecting loop between formulation and control. It is what integrates strategies. Strategy implementing is a process in which all planning and budgetary activities, policies and procedures follow the defined strategy. It may involve some changes in organizations culture, structure as well as managerial systems. Implementation of strategies is also called practical strategic management. The purpose of implementing strategies is that managers and employees collaborate to perform formulated strategic planning. In other words implementing is the most difficult step in the strategic management process and need a kind of self controlling and a corporate culture as well.

Strategy implementation is an internal, operations-driven activity involving cultural change, values as well as changes in social systems to make the strategy work as intended(Mintzberg,1987). Implementing strategy involves creating fit between the way

things are done, and what it takes for effective strategy execution. A culture grounded in strategy-supportive values, practices and behavioral norms adds significantly to the power and effectiveness of a company strategy execution effort (Thompson et al, 2005). For example a culture where frugality and thrift are widely shared by organizational member's nurtures employee actions to identify cost-saving opportunities which is the very behavior needed for successful execution of a low-cost leadership strategy.

1.1.2 Corporate Culture

Corporate culture is the shared norms, attitudes, values, beliefs, expectations, customs, and assumptions that have emerged over time. Norms are a set authoritative standard governing appropriate or inappropriate behaviors' for a group and often exist around issues such as quality, performance, flexibility, output levels, and conflict resolution. Culture may act as a social control system that powerfully shapes the behavior of individuals and groups. Cultures are supported and maintained by management practices, organizational structures, and people within them.

Most corporate cultures do not originate by design. Instead, they evolve over time from a variety sources. These may include the views of the founders, management's assumptions about work ethics and about and critical precedents such as management responses to suggestions from subordinates (Sherwood, 1988). Norms, as part of corporate culture, are socially created standards that help employees interpret and evaluate events, and are significant because people behave in certain ways as a result of expectations of how others would act in similar circumstances (O'Reilly, 1989).

When an organization is born, a tremendous burst of energy is released as members struggle to make it work (Kilman, 1985). A corporate culture seems to form rather quickly, based on the organization's mission, setting and requirements of success. Then the reward systems, policies and work procedures are formally documented. They become part of the formal coding system of the organization legitimizing the kinds of behavior and attitudes important for success. However, such formalities, while important in shaping culture, cannot compete with actions of key individuals.

In every organization, there are initiation rites; stories to be heard, behavior to be learned; and codes to be deciphered (Senge, 1990). There are rituals for veteran employees and for the new employee. There are corporate cultures, filled myths and rituals legitimating rigid hierarchies, loose structures, autocratic leadership styles, and democratic participation. Whether the term of choice is 'organized climate' or 'corporate culture' every organization has a personality of its own a system of shared beliefs, values, norms and rituals common to the organization and its objectives. Kilmann (1985) argues that corporate culture is as life itself, 'we make culture as we organize and reorganize. There is corporate culture based on the metaphor of the family, the military, or the machine'

1.1.3 Commercial Banks in Kenya

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). This sector operates on a relatively deregulated environment. Foreign banks entry has never been a substantial issue, as the banking system after independence consisted of foreign-owned banks and their dominance has been eroded since then but still account for a substantial part of the system. Monetary policy reforms

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during the 1990's have entailed liberalizing interest rates and replacing direct controls on lending with open market operations. Brownbridge and Harvey (1998) find some evidence that the liberalization during the 1990s has lead to more vigorous competition among banks for deposits and in providing services.

Commercial banking refers to exchanges between banks and corporate customers. These exchanges cover credit product and non-credit products, mainly cash management products. Deregulation, increased competition, as well as bank offerings, have resulted in an increasing number of financial institutions willing to break into all the markets (Barker and Thiel, 1985). There are forty-six Commercial banks both locally and foreign-owned. Thirty-five of these banks are small and medium sized and locally owned. The industry is dominated by a few large banks most of which are foreign-owned, though some are partially locally- owned. The commercial banking landscape is heavily tilted in favour of the big players with the top 13 accounting for 80 per cent of the sector's total assets, deposits and net advances. Six of the major banks are listed on the Nairobi Stock Exchange. The commercial banks and non-banking financial institutions offer corporate and retail banking services but a smaller number, mainly comprising the larger banks, offer other services including investment banking.

As competition among commercial banks continues to become even fiercer, smaller banks fearing imminent extinction, are contemplating mergers in order to stay afloat. The rising pressure for higher capitalization, and investment in technology have turned small banks into prime targets for acquisition by bigger local and foreign players seeking to grow market share. Technology-driven innovation and fierce competition in a crowded

market is seen to be forcing small banks into the consolidation territory, where regulatory requirements are compelling them to raise higher capital levels has failed.

Dynamic technological challenges and opportunities, diverse economic conditions, regulatory demands by the Central Bank of Kenya are some of the environmental challenges that have had their level of impact in the banking industry. Andrew (1987) argues that change is an ever-present feature of organizational life and its pace and magnitude has increased significantly over recent years. Commercial Banks in Kenya have therefore responded to this environmental turbulence.

According to the Central Bank of Kenya website, there are 41 (Appendix iv) commercial banks in Kenya which essentially takes deposits from individuals and organizations to invest on their behalf. Banks have even resulted in mergers to form stronger capital base for larger business and even some that could not find suitable partners have had to close their business. This especially occurred after the CBK passed new laws on capital base for Banks' operation, where under the statutory requirements in order for a bank's balance sheet to grow, it had to take in more deposits to enable more lending to take place. Commercial bank's main business is that of lending money and therefore creates revenue.

The competitive nature of the industry not only in the global economy but also in the local set up has not spared any organization from economic, social and political turbulence. Porter (1991) states that companies must be flexible to respond rapidly to competitive and market changes. In Kenya the economy has created an atmosphere of stiff competition and to survive the various organizations have to benchmark

continuously to achieve best practice, which at times has called for outsourcing in order to aggressively gain efficiencies. These firms have been naturally made to nurture a few more competencies in the race to stay ahead of rivals.

Importantly the Kenyan and Regional economies have created a challenge for commercial banks in various aspects. Firstly, Competition has not spared its products in copying and modify the features slightly in order to tailor make them to suit their niche markets. Olali (2006) says that most bank products in the economy are the same only that features are modified by individual banks.

Secondly, Rapid growth in the bank than anticipated has also resulted in massive new budgetary allocations and employment. This has been precipitated by the fact that the bank's target market is widespread all over the country. Banking facilities have to be taken to these customers. Thirdly, Technology has fast evolved to include real time on-line banking. More demands by customers who want comfort in all their banking aspects, has made banks be very innovative in providing fast class information Communication Technology. Thompson (2000) suggests that ICT has therefore evolved to suit the various demands in e-banking services.

Fourthly, a free fall in the loan pricing structure has caused fluctuations in the loan policies thus the base rate variances. This in itself can cause over priced money be inaccessible to customers. The banks therefore have to ensure prudent measures are applied to realign the wholesale and retail deposits levels so that cheap retail deposits are available for onward lending to the customers. Over regulation from the CBK has also resulted in bigger investments put in to cushion cases of expanded clearing demands and

regulations. The banking sector is poised for significant product and market development that should result in further consolidation of the sector.

1.2 Statement of the Problem

Formulating strategy is one thing, executing it throughout the entire organization is the hard part. Without effective execution, no business strategy can succeed. Unfortunately, most managers know far more about developing a strategy than executing it (Larry, 2005). Successful strategy implementation requires the input from a supporting corporate culture. As the organization evolves it acts to make strategy adjustments, either because the new strategies are compatible with the present culture or because the dominant traits of the culture somewhat strategy-neutral and compatible with evolving version of the company's strategy.

Strategy-culture linkage can lead to a problem of psychological process. Cultural values are powerful because they inspire employee by appealing to their ideals, and they clarify expectations by making salient the consistency between these values and each members own behavior. When it becomes particularly necessary for a strategy execution, potential inconsistencies between stated values and observed actions becomes incompatible and thus difficult to implement strategy. Thompson, *et al* (2005) argues that a culture embedded with values and behaviors that facilitate strategy execution promotes strong employee identification and commitment to the company's vision, performance targets, and strategy.

Internal factors that have affected banks' performance were attributed to the fact that many banks were ill prepared to handle demands such as provision of diversified range of

financial services, demands on liquidity, foreign exchange, credit products and capital finance obligations. Furthermore, other drivers of the industry's deteriorating rate in performance had been cited as being heavy investments in information technology occasioned by the shift to electronic banking. More importantly, there is now than ever before an increased customer awareness of generally what he wants and what he has to enjoy when paying up for services in return, hence changes in customers' tastes and preferences. Commercial banks create operating principles that typically define the way they interact with their customers, employees and operations. While these things are important to put in writing, it is the more intangible aspect of culture that sets one business apart from another and perhaps determines success or failure of strategy implementation.

In their research (David,2003; Mintzberg,1987) have shown that successful strategy involve substantial organizational changes more so cultural change and if poorly executed results in a failure of the strategy. Furthermore several researches discuss barriers to strategy implementation, but in a rather scattered, collective and superficial manner (Koch, 1995; Mintzberg and Quinn, 1991; David, 2003; Thompson and Strickland, 2002).

Researchers in Kenya have specifically addressed the wider strategy implementation factors among commercial banks (Koske,2003; Olali,2006; Githui,2006). Koske (2003) conducted a study on strategy implementation and its challenges in financial services provider, whereas Olali (2006) conducted a study on the challenges in the strategic plan implementation at Cooperative bank with both recommending that a further research be undertaken to determine how challenges influence the type of strategy. In his study on the

challenges for strategy implementation in Barclay bank in Kenya, Githui (2006) found cultural aspects among widely impending issues recommending that a further research on specific cultural issues be undertaken.

There are no studies done on corporate culture and strategy implementation within commercial banks in Kenya. This is particularly important given the sectors contribution to Gross Domestic Product and the competitiveness within the sector because of deregulation (Brownbridge and Harvey, 1998). None of the above studies carried out within commercial banks in Kenya, has addressed the influence of corporate culture and strategy implementation, This study therefore seeks to bridge the gap by determining corporate cultural issues on strategy implementation within commercial banks in Kenya.

1.3 Objectives of the Study

The objective of this study is to determine the influence of Corporate Culture on Strategy implementation among Commercial banks in Kenya

1.4 Significance of the Study

This study will be useful to managers in commercial banks. It will help them in identifying corporate cultural issues affecting strategy implementation and this research will therefore provide an insight into the various cultural issues influencing strategy implementation and mechanisms addressing them to enhance the strategic performance and contribute to improved performance for competitiveness.

To managers of commercial banks, the research findings of this study will provide recommendations as well as reference on how these cultural issues ought to be managed

and addressed so that they can best be developed and implemented for sustainable competitive advantage. Moreover, this study will identify attitude and value based gaps in employees for training needs requirements.

This study will also be useful to academicians and researchers in the banking industry. It will add to the body of knowledge on influences of corporate culture on strategy implementation. Significantly, the research will contribute to literature on corporate culture for future researchers and academicians. It will also help in identifying other areas of strategy implementation that requires further research studying.

The study will bring out clearly areas of challenges of strategy implementation and therefore be in a position to remain competitive. At the same time, the study will also highlight areas of challenges which could be exploited further by these commercial banks. The study will also benefit microfinance and insurance companies who also compete for the same customers.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents a detailed reviewed discussion on strategy implementation and corporate culture. The reviewed literature has been done in three parts: First, a detailed discussion has been presented on strategy implementation and its challenges which have been classified into institutional and operational; followed by a discussion on corporate culture and its elements including artifacts, metaphors, stories among others; and thirdly, a reviewed discussion on the link between corporate culture elements and strategy implementation.

2.2 Strategy Implementation

Strategy implementation is one of the components of strategic management and refers to a set of decisions and actions that result in the formulation and implementation of long term plans designed to achieve organizational objectives (Pearce and Robinson, 2003). Implementation is an important component of the strategic planning process. It has been defined as the process that turns strategies and plans into actions to accomplish objectives (Pride and Ferrell, 2003). It I addresses, who, where and how to carry out certain activities successfully (Kotter and Keskett, 1992).

Implementing strategies successfully is vital for any organization. Without implementation, even the most superior strategy is useless. Strategy implementation involves the allocation of sufficient resources like financial, personnel, time, and computer support system (Hrebiniak, 2005). It also involves establishing a chain of command or some alternative structures such as cross functional teams. Thirdly is entails

assigning responsibility of specific tasks or processes to specific individuals or groups. It also involves managing the process which includes monitoring result, comparing to benchmarks and best practices, evaluating the efficacy of the process, controlling for variances and making adjustments to the process as necessary.

Implementing strategies successfully is about matching the planned and the realizing the strategy, which together aim at reaching the organizational vision. The components of strategy implementation namely communication, interpretation, adoption and action, are not successive and they cannot be detached from one another. Strategy implementation is an on-going, never-ending, integrated process requiring continuous reassessment and reformation. A major part of staying ahead in the new business climate will depend on organizations having the capability to create and implement strategic and structural changes (Thompson and Strickland, 1997). Organizations that are effective at strategic implementation successfully manage the six strategic supporting factors of action planning, organization structure, corporate culture, human resources, annual business plan, monitoring and control and linkages (Hrebiniak, 2005)

Strategy implementation is the full range of managerial activities associated with putting the chosen strategy into place, supervising its pursuits and achieving the targeted results (Thompson and Strickland, 1996). The work of implementing strategy is primarily a hands-on, close-to-the scene administrative task. Successful strategy implementation depends on the skills of working through others, organizing, motivating and the ability to forge an institutional culture that gets things done.

Successful implementation is as critical and difficult as the strategic choice. It needs consideration of the resources to be used, human resources requirements, the structure system and other changes. Competency in implementation and the ability to put ideas into actions can be an organization's source of competitive advantage. An alteration of existing procedures of policies is usually unavoidable during strategy implementation.

Once a company has chosen a strategy to achieve its goals, strategy then has to be put into action by selecting appropriate corporate culture and managing its execution through tailoring the management systems of the organization to the requirements of the strategy (Hill and Jones, 2001). Putting strategy into place and getting individual and organizational subunits to execute part of the strategic plan successfully is essentially and administrative task that requires a corporate culture (Thompson and Strickland, 1992).

2.2.1 Institutional Factors

Institutional aspects are those that relate to the establishment and context of the organization. These include: Corporate culture, structure, leadership, organizational politics, and workforce performance. This is because when changes in strategy require changes in the way an organization is structured. This is because when an organization changes its strategy, the existing organizational structure may be ineffective (Wendy, 1997). The structure of an organization helps people to pull together in their activities that promote the effective strategy implementation. The structure of the organization should be compatible with the chosen strategy and if there is congruence, adjustments will be necessary, either for the structure or the strategy itself (Koske, 2003).

Structure is key to operationalisation of a plan. According to Thompson and Strickland (1992), the structure of an organization will determine how well and appropriately the customer's needs are fulfilled. Structure is the key to effective communications. A flatter structure encourages more integration and quicker communication leading to fewer mistakes, efficiency and a sense of togetherness- striving for the same goals.

All firms require some form of structure to implement their strategy. Structure dictates how policies and objectives are established. Resource allocation of an organization is dependent on the kind of structure an organization has. There is no one optimal organizational design or structure for a given strategy or type of organization (David, 1997; Pearce and Robinson, 2002). An organizations structure and behavior should be in harmony with and support the strategy of the organization. It is a major advantage for managers to understand and utilize the organizational structure to aid them in implementation of the strategy (McCarthy and Curran; 1996).

Leadership is a key challenge to effective strategy implementation within organizations. Leadership is needed for effective implantation of strategy, as this will ensure that the organization effort is united and directed towards achievement of its goals (Pearce and Robinson; 1988). Leadership has a fundamental influence on the success of a strategy. Leadership of an organization should be at the forefront in providing vision, initiative, motivation and inspiration. The management should cultivate team spirit and act as a catalyst in the whole strategy implementation process. The leadership challenge is to galvanize commitment among people within an organization as well as stakeholders outside the organization to embrace change and implement strategies intended to position the organization to do so.

Leadership is the ability of an individual to influence, motivate, and enable others contribute towards the effectiveness and success of an organization of which they are members. Unfortunately most senior managers are merely unable to influence employee's actions and decisions. The ability to influence the attitudes and opinions of others to achieve a coordinated effort from a diverse group of employees is a difficult task.

Motivating and rewarding good performance by individuals and organizational units are key ingredients in effective in effective strategy implementation (Pearce and Robinson, 1997). Motivating and controlling managerial personnel in the execution of strategy are accomplished through an organization's reward mechanisms such as compensations, bonuses, promotions and demotions. The rewards are not simply monetary; it is also non-monetary such as recognition and approval (O` Reilly, 1989).

Incentivising different task completion, for example help the plan be implemented successfully and efficiently within standards and set times. Rewarding staff for innovation is key as it helps the execution of plans to be more creative and competitive. Setting incentives such as extra breaks or bonus packages, if a certain quality of standard of operational production is achieved, helps the employee strive for quality measures.

2.2.2 Operational Factors

Operational aspects are those factors that concern operational or tactical involvement and include; resource allocation, communication, involvement of employees and setting of annual objectives.

Allocating resources to particular divisions and departments in an organization does not mean that strategies will be successfully implemented. David (1997) observes that, in organizations that do not use a strategic management approach to decision making resource allocation is often based on political or personal factors such as overprotection of resources, emphasis on short-term financial criteria, organizational policies, reluctance to take risks, and lack of sufficient knowledge.

Ineffective communication and sharing of information is a challenge to strategy implementation. According to Hrebiniak (2005), poor knowledge and sharing of information coupled with unclear responsibility and accountability can lead to failure in strategy implementation. Complex strategies often demand cooperation and effective coordination and information sharing. Inadequate involvement of both management and employees poses a challenge to strategy implementation within organizations. According to David (2003), both managers and employees should be involved in implementation decision and communication between all parties is important for successful implementation. Participation in strategy implantation ensures that managers and supervisors understand the strategy, believe in it and are committed to carrying it out.

Objectives are essential for strategy implementation success because they provide the basis for allocating resources; form a primary mechanism for evaluating managers, and a major instrument for monitoring progress towards achieving long-term objectives and establishing organizational and department priorities. Annual objectives serve as a guideline for action, directing and channeling efforts and activities of the organization. They provide a source of legitimacy in an enterprise by justifying activities to stakeholders (Alexander, 1985). Well- designed objectives that clarify a managers' role

in the implementation of an organization's strategy, are clearly linked to organization's long term goals.

2.3 Corporate Culture

Culture can be defined as a pattern of artifacts, behavior, values, beliefs and assumptions that a group develops as it learns to cope with internal and external problems and prosperity. Culture can also be defined as a pattern of shared beliefs and values that provides members of an organization, rules of behavior or accepted norms of conducting operations (Schein, 1985). An organization culture refers to the impact of group norms and values and informal activities on the organizational environment. Corporate culture is a shared system of beliefs, values, norms and rituals common to and guiding an organization (Czarniawska-Joerges, 1992). There is no single definition for organizational culture.

The culture of a group can now be defined as: A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems (Schein; 1985). In other words, as groups evolve over time, they face two basic challenges: integrating individuals into an effective whole, and adapting effectively to the external environment in order to survive. As groups find solutions to these problems over time, they engage in a kind of collective learning that creates the set of shared assumptions and beliefs we call "culture."

Most corporate cultures do not originate by design. Instead, they evolve over time from a variety of sources. These may include the views of the founders, management's assumptions about work ethics and about people, and critical precedents such as management responses to suggestions from subordinates. Overtime, these cultural underpinnings take root, become embedded in how the company takes conducts its business, come to be accepted and shared by the company managers and employees, and then persist as new employees are encouraged to adopt and follow the professed values and practices.

In every organization, there are initiation rites; stories to be heard, behavior to be learned; codes to be deciphered (Senge, 1990). There are rituals for veteran employees and for the new employee. There are corporate cultures, filled myths and rituals legimating rigid hierarchies, loose structures, autocratic leadership styles, democratic participation.

Whether the term of choice is "organized climate" or "corporate culture", every organization has a personality of its own a system of shared beliefs, values, norms and rituals common to the organization and its objectives. And, it is this system that individual believes in that make up the meaning of the organization. Corporate culture (Kilmann, 1985), is as various as life itself. We make culture as we organize and reorganize. There is corporate culture based on the metaphor of the family, the military, or the machine. And there are organizations that have established myth and ritual based on a belief in organic growth and Darwinian sense of survival.

Organizational culture could be divided into three layers, similar to those of Hofstedes stated for national culture (Brown, 1995). In the outer layer there are values about the

strategies, missions and objectives of the organization. In the middle layer, there are beliefs on the issues that employees of a company talk about. In the inner layer, there are those aspects of organizational life that people find difficult to recall and explain.

Culture involves, "how we do things around here in order to succeed" (Kotter & Heskett, 1992). It is an organisation's way, identity, and pattern of dynamic relationships reality. It has everything to do with implementation and how success is actually derived. No management idea, no matter how good, will work in practice if it does not fit the culture of the entity.

Organisation's culture is the set of important assumptions (often unstated) that members of an organisation share in common. An organisation's culture is similar to an individual's personality - an intangible yet ever present theme that provides meaning, direction, and the basis of action. Insightful leaders nurture key themes or dominant values within their organisation that reinforce the competitive advantage they posses or seek, such as quality, differentiation, cost, and speed (Pearce and Robinson, 2003).

Organisation's cultures are the policies, practices, traditions, philosophical beliefs, and ways of doing things (Thompson and Strickland, 1996). An organisation's culture and associated values dictate the way decisions are made, the objectives of the organisation, the type of competitive advantage sought, the organisation structure and systems of management, functional strategies and policies, attitudes towards managing people and information systems.

The most typical beliefs that shape organisation's culture include a belief in superior quality and service, a belief in the importance of people as individuals, and a faith in their

ability to make a strong contribution, a belief in the importance of the details of execution, "the nuts and bolts of doing the job well", a belief that customers should reign supreme, et cetera (Pearce and Robinson, 2003).

Culture in the business environment can be seen by tangible things such as the corporate management philosophy articulated in a mission statement. Companies also create operating principles that typically define the way a company interacts with its customers and employees. While these things are important to put in writing, it is the more intangible aspect of culture that sets one business apart from another. Culture establishes and underpins; order, structure, membership criteria, conditioned for judging effective performance, communication patterns, expectations and priorities, the nature of reward and punishment, the nature and use of power, decision making practices, and management practices (Schineider, 1994).

Every company has its own unique culture. The character of a company's culture or work climate is a product of the core values and business principles that executives espouse, the standards of what is ethically acceptable and what is not, the behavior that define "how we do things around here" the stories that get told over and over to illustrate reinforce values and traditions. According to Thompson et al (2005), corporate culture refers to the character of a company's internal climate and personality as shaped by its core values, beliefs, business principles, traditions, ingrained behavior and style of operating.

The notions "organisation's culture" draws attention not only to what is observed in the way an organisation formally goes about its business, but also to the less obvious and

more implicit informal characteristics that influence how decisions are made in practice and how people actually treat each other at work. It is those informal, latent and implicit aspects of an organisation that are increasingly being acknowledged as important facets of an organisation's make-up and which profoundly influence its behaviour and the well being of staff (Walton, 1997).

The perceived impact of organisation's culture on individual behaviour has been articulated for many years. Kilmann (1985) observed that culture, like morals, laws, and customs, shapes behaviour and is something that older generations hand down to younger ones. Hofstede (1991) linked culture to a collective programming of minds of one group that differentiates them from other groups. He believes that this programming is derived from one's social culture.

Understanding and assessing the organisations culture can mean the difference between success and failure in today's fast changing business environment, (Higginsm and Waxler, 1993). The culture of an organisation operates at both conscious and unconscious levels and it drives the organisation and its action. It is somewhat like 'the operating system" of the organisation. It guides how employees think, act and feel. It is dynamic and fluid, and it is never static. They further assert that if the organisation wants to maximize its ability to attain its strategic objectives, it must understand if the prevailing culture supports and drives the actions necessary to achieve its strategic goals.

2.4 Elements of Corporate Culture

Elements of organizational culture may include: stated and unstated values; overt and implicit expectations for member behavior, customs and rituals, stories and myths about

the history of the organization; climate (the feelings evoked by the way members interact with each other, outsiders, and with their environment, including the physical space they occupy; metaphors and symbols may be unconscious but can be found embodied in other cultural elements.

Artifacts are the physical things that are found that have particular symbolism for a culture. They may even be endowed with mystical properties. For instance the first products of a company and prizes won in grueling challenges. Artifacts can also be more everyday objects, such as the bunch of flowers in the reception. According to Kilman (1985) artifacts have a special meaning, at the very least for the people in the organization have stories told about them. The purposes of artifacts are as reminders and triggers. When people in the culture see them, they think about their meaning and hence are reminded of their identity as a member of the culture, and, by association, of the rules of the culture.

Culture is often embedded and transmitted through stories, whether they are deep and obviously intended as learning devices, or whether they appear more subtly, for example in humor and jokes (Higginsm and Waxler,1993). A typical story includes a bad person (often shady and unnamed) and a good person (often the founder or a prototypical cultural member). There may also be an innocent. The story evolves in a classic format, with the bad person being spotted and vanquished by the good person, with the innocent being rescued and learning the greatness of the culture into the bargain. Sometimes the stories are true, sometimes not known n other instances; they are elaborations on a relatively simple truth. The powers of the stories are in when and how they are told, and the effect they have on their recipients.

Rituals are processes or sets of actions which are repeated in specific circumstances and with specific meaning (Kilmann; 1985). They may be used in such as rites of passage or such as when someone is promoted or retires. They may be associated with company events such as the release of a new event or product. They may also be associated with everyday events such as Christmas or anniversally celebrations. Whatever the circumstance, the predictability of the rituals and the seriousness of the meaning all combine to sustain the culture.

Heroes in a culture are named people who act as prototypes, or idealized examples, by which cultural members learn of the correct or 'perfect' behavior. According to Thompson et al (2005), the classic heroes are the founders of the organization, who are often portrayed as much very important and perfect than they actually are or were. Heroes may also be such as a customer-service agent who went out of their way to delight a customer. In such stories they symbolize and teach people the ideal behaviors and norms of the culture.

Symbols, like artifacts, are things which act as triggers to remind people in the culture of its rules, beliefs, among others. They act as a shorthand way to keep people aligned. Symbols can also be used to indicate status within a culture, including for example clothing, office decor. Symbols are the visual representations of the company including logos, how decorated the offices are including the formal or informal dress codes. Status symbols signal to others to help them use the correct behavior with others in the hierarchy. Furthermore, Senge (1990) articulates that symbols also lock in the users into prescribed behaviors that are appropriate for their status and position. There may be

many symbols around an organization, from pictures of products on the walls to the words and handshakes used in greeting cultural members from around the world.

An organization and culture will often share beliefs and ways of understanding the world. This helps smooth communications and agreement, but can also become fatal blinkers that blind everyone to impending dangers. The most typical beliefs that shape organisation's culture include a belief in superior quality and service, a belief in the importance of people as individuals, and a faith in their ability to make a strong contribution, a belief in the importance of the details of execution, "the nuts and bolts of doing the job well", a belief that customers should reign supreme, et cetera (Pearce and Robinson, 2003).

Attitudes are the external displays of underlying beliefs that people use to signal to other people of their membership. Attitudes also can be used to give warning, such as when a street gang member eyes up a member of the public. By using a long hard stare, they are using national cultural symbolism to indicate their threat. The norms and values of a culture are effectively the rules by which its members must abide, or risk rejection from the culture (which is one of the most feared sanctions known). They are embedded in the artifacts, symbols, stories, attitudes, and so on.

2.5 Corporate Culture and Strategy Implementation

Understanding and assessing the organisations culture can mean the difference between success and failure in today's fast changing business environment, (Hagberg & Heifetz, 2001). The culture of an organisation operates at both conscious and unconscious levels and it drives the organisation and its action. It is somewhat like 'the operating system" of

the organisation. It guides how employees think, act and feel. It is dynamic and fluid, and it is never static. They further assert that if the organisation wants to maximize its ability to attain its strategic objectives, it must understand if the prevailing culture supports and drives the actions necessary to achieve its strategic goals.

A shared narrative of the past lays the foundation for culture. Too often today's companies casually cast aside their historical roots in favour of what is in vogue. In doing so, they often forsake the core values and beliefs that have contributed to their success. They become rootless, sterile enterprises stalking whatever fashionable economic opportunity comes along. How do we balance the tradition that keeps us anchored and the innovation that keeps us current? That is one of the many dilemmas today's corporate leaders wrestle with.

While no one organisation has a pure culture throughout, every successful organisation has a core culture. The core culture is central to the functioning of the organisation, forming the nuclear core for how that organisation operates in order to succeed. It is critical that this core or lead culture is aligned with the organisation's strategy and core leadership practices. This alignment is central to any organisation's effectiveness. Without it, focus is lost and energy wasted as people, systems and processes work at cross-purposes with one another (Colins & Porras, 1994).

Corporate culture is as important as strategy for organizational success, Both corporate cultures and strategy are tightly intertwined and focusing on one of them to the detriment of another will not bring the desired results. Corporate culture is a system of shared values (defining what is important) and norms of shared values (defining appropriate

attitudes and behaviours) (O'reilly, 1989). Strong cultures enhance organizational performance in two ways. First, they improve performance by energizing employees-appealing to their higher ideals and values and rallying them around a set of meaningful, unified goals. Such ideals excite employee commitment and effort because they are inherently engaging and fill voids in identity and meaning. Secondly, strong cultures boost performance by shaping and coordinating employee's behaviour and decision making.

The key element of the corporate culture is that, quite often it originates with a founder or a strong leader who articulated a set of business principles, company policies, or ways of dealing with employees, customers, vendors, shareholders and communities in which it operated. Overtime, these cultural underpinnings take root, become embedded in how the company conducts business, come to be accepted and shared by company managers and employees, and the persist as new employees are encouraged to adopt and follow the professed values and practices.

Once established (Thompson et al, 2003), company cultures are perpetuated by: selecting and screening new employees that will match well with the culture; systematic indoctrination of new members in the cultural fundamental; the efforts of senior group members to reiterate the core values in daily conversations and pronouncements; telling and retelling of company legends; regular ceremonies honoring members who display desired cultural behaviors and visibly those who display desired cultural behaviours and penalizing those who don't.

A strong corporate culture creates harmony between the formal and informal symbolic orders within the organization. According to Lewis such harmony establishes a sense of belonging and a supportive environment for the employees. In this context (Lewis, 1981) attributes the major problems in an organizational strategy implementation to an overwhelming feeling by employees that management is not supportive. In such situations, employees do not fully enter into symbolic coding systems of the organization and into the full meaning and purpose of their work. In this sense strategy implementation is not realized.

A culture built around such business principles such as pleasing customers, air treatment, operating excellently and employee empowerment promotes employee behavior and a unification effort that facilitates execution of strategy. A culture in which taking initiative, challenging the status quo, exhibiting creativity, embracing change and being a team player are outcomes that are conducive to successful execution of product innovation and technological leadership strategies. In merger process for example, the corporate culture of the entities involved should be harmonized within the framework of organizational development and human resources, and adapted whenever the various strategies make it seem desirable. Yet this in itself is not enough: the informal part-the nature of mutual interaction also needs to be taken into account. This requires a change in attitude on the part of both managers and employees for the execution to be successful.

An organizational culture is the customary or traditional way of thinking and doing things which are shared to a greater extent by all members of the organization and which new members must learn and at least partially accept in order to be accepted into the service of the firm (Stoner et al, 2001). When an organizations culture is consistent with its

strategy, the implementation of the strategy is eased considerably. Kotter and Heskett's (1992) concept of "adaptable culture" is an attempt to build organizational culture on a foundation of paying attention to key stakeholders such as employees, customers, and stakeholders, thus ensuring that the culture can change when the organization's must change. It is thus impossible to successfully implement strategy that contradicts the organization culture (Stoner et al, 2001). The tighter strategy-culture fit, the more, that culture pushes the people to display the behaviours and observe operating practices that are conducive to good strategy execution. A strategy-supportive culture thus funnels organizational energy towards getting the right things done and delivering positive results.

2.6 Linkage between Culture and Strategy Implementation Summary

An organization's strategic actions typically reflect its cultural traits and managerial values. In some cases, a company's core beliefs and culture even dominate the choice of strategic moves. This is because culture-related values and beliefs become so embedded in management's strategic thinking and actions that they condition how the enterprise responds to external events. Such firms have a culture-driven bias about how to handle strategic issues and what kinds of strategic moves it will consider or reject. Strong cultural influences partly account for why companies gain reputations for strategic traits as technological leadership, product innovation, dedication to superior craftsmanship, proximity for financial wheeling and dealing, desire to grow rapidly by acquiring other companies, strong people - orientation, or unusual emphasis on customer service or total customer satisfaction (Thomson et al, 2005).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The proposed research was a survey design. Survey designs are most appropriate in collecting information from the entire spectrum of the population. Census survey designs have been found to be most accurate in making comparisons and generalizations (Bryman and Bell, 2007). The study focused on identifying corporate cultural issues on strategy implementation among commercial banks in Kenya. The census survey results were expected to provide insight on corporate cultural issues and how commercial banks should prepare themselves to successfully implement their strategies.

3.2 Population of Study

The population of study comprised of all commercial banks whose objective is to receive money deposits from investors and lending it in form of short or long-term loans and advances to its customers at pre-arranged rates of interest (CBK, 2006). According to the Central Bank of Kenya Website, there are 41 banks in Kenya which essentially takes deposits from individuals and organizations to invest on their behalf and this study took a census survey design approach.

3.3 Data Collection

Primary data, the use of individual interviews and semi structured questionnaire was used. Secondary data was also important for this research as it created a triangulation effect that is combining the methods of research. Jankowicz (2002) defines triangulation as the combination of methodologies and the assumption is that the effectiveness rests on

the premise that the weakness in each single method will be compensated by a counter balancing strength of another. The combination of methods can elaborate and/ or develop analysis; it provides richer details, creates fresh insight and can initiate new line of thought. Amaratunga et al (2002), is of the opinion that the use of triangulation is of benefit as it uses different methods in the same study to collect data to check the validity of the findings.

A semi structured interview with the Chief Executive Officer or a delegated official was carried out. This approach unlike an unstructured interview enabled more specific issues to be addressed (Bryman and Bell 2007). Interviews afford the researcher an opportunity to probe answers thus collecting a rich and detailed set of data (Robson, 2002; Mark and Saunders *et al* 2003). It also assists in the designing of the questionnaire for the departmental Managers by listing the issues of the elements of culture that have a bearing on strategy implementation. The researcher employed the use of a dictaphone to record the interview sessions as it is deemed by the researcher as an easier way to extract and analyse the findings thoroughly.

The self administered questionnaire used was a multi-choice type and word processed which provided for the option of e-mail. Initially, the questionnaire was pilot tested on five different colleagues who did not take part in the survey to ensure its appropriateness. A 5-point Likert scale was used in the design of the questionnaire in which the managers were asked how strongly they 'agreed' or 'disagreed' with some specific corporate cultural issues. The questionnaire was developed into two parts: Part I was designed to collect general information about the bank and part II contained questions relating to: values about the strategies, missions and objectives; beliefs on the issues that employees

talk about; and those aspects of organizational life that people find difficult to recall and explain.

A review of secondary materials included literature from marketing journals, communications, industry analyst report, books, recognized intranet experts, published research articles on intranet studies and relevant articles from trade press and Internet sources. Other essential documents like the bank's Strategic Plan, service charter, financial Statements and corporate culture booklets were used in gathering more information on the highlighted areas of focus

The target group for the questionnaire was the CEO's or a delegated official within the divisions in the bank or HOD's. The CEO's have an overall perspective of the organizational culture and branch managers are normally implementers of the strategy. The typical units or departments in a commercial bank comprise the following: Retail, Risk Management, Corporate and Institutional Banking, Treasury, Finance and Administration, Information Technology, Company Secretary, Internal Audit, Customer Care, Human Resources and Training, Merchant Investment Banking, Shares Registry, Custodial Services, Business Processing Centre, and Business Change Management.

3.4 Data Analysis

 The researcher utilized qualitative analysis techniques to explore areas where very little research had been performed previously. As Jankowicz (2002), claims qualitative approaches are appropriate to the initial exploratory stages of research of the nature and content of what is said. Moreover, it produces findings in the events that involve people

and places and is fundamentally suited to understand the meaning of assumptions and perceptions.

The data review stages followed: firstly, the transcripts were read a minimum of three times, to ensure unrecorded and recorded points were reviewed from the transcripts; Secondly, the researcher looked for apparent themes; thirdly, all transcripts were catalogued to enable comparison of knowledge gathered during the review of secondary data; and finally, the researcher at this stage drew findings and conclusions to the study and identified areas of further study that could be performed.

Virtually any business and management research undertaken involves some numerical data to help in answering research questions (Saunders *et al*, 2007). Such quantitative analysis, range from simple counts to more complex statistical modelling. The Likert style data collected was simplified by reducing it into tables and graphs for ease of interpretation and discussion. A frequency table was deployed to show the number of responses and the percentage agreeing or disagreeing with each of the specific statements of corporate cultural issues. Data was presented in form of graphs, percentages and mean scores.

CHAPTER FOUR: PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter gives a detailed analysis of the data collected and presents the findings. Data has been analysed and presented in a form of charts, frequency tables and percentages to understand the influence of Corporate Culture on Strategy implementation among Commercial banks in Kenya. This was also further explained through a commonality recursive theme from the interviews. Mean scores were used to determine the extent to which specific elements of culture affect the organization strategy implementation and the respondents agreement or disagreement to specific corporate culture elements on a 5-point Likert scale.

The findings were as a result of combined qualitative and quantitative methods. In-depth interviews conducted on 8 chief executive officers or delegated officials within the bank (Appendix C), while self-completion questionnaires were filled by 30 Chief executive officers and delegated officials on a mixed basis. As stated by Bryman and Bell (2007), the investigation employed on methods associated with one research strategy (qualitative) is cross checked with the other research strategy (quantitative) which should result in greater confidence of the research findings.

4.2 Response Rate

Of the sample of 41 respondents e-mailed the questionnaire, 30 questionnaires were received representing a 73.2% response which according to Mangione (1995) is classified

as 'very good'. Furthermore, 8 interviews were properly administered through the audio recording device out of the 12 targeted generating a response rate of 67 %.

4.3 Profile of Commercial Banks

This section analyses the respondent designation and the classification of the bank. The data has been analyzed using frequencies. The findings are presented in Graph 4.1 and Graph 4.2 respectively.

4.3.1 Designation of the Respondent

The respondents hold various managerial positions within the bank and except for the 8 chief executives officers who were interviewed, the distribution of the other respondents who answered the questionnaires are represented in figure 4.1.

Figure 4.1: Distribution of Respondents by Position
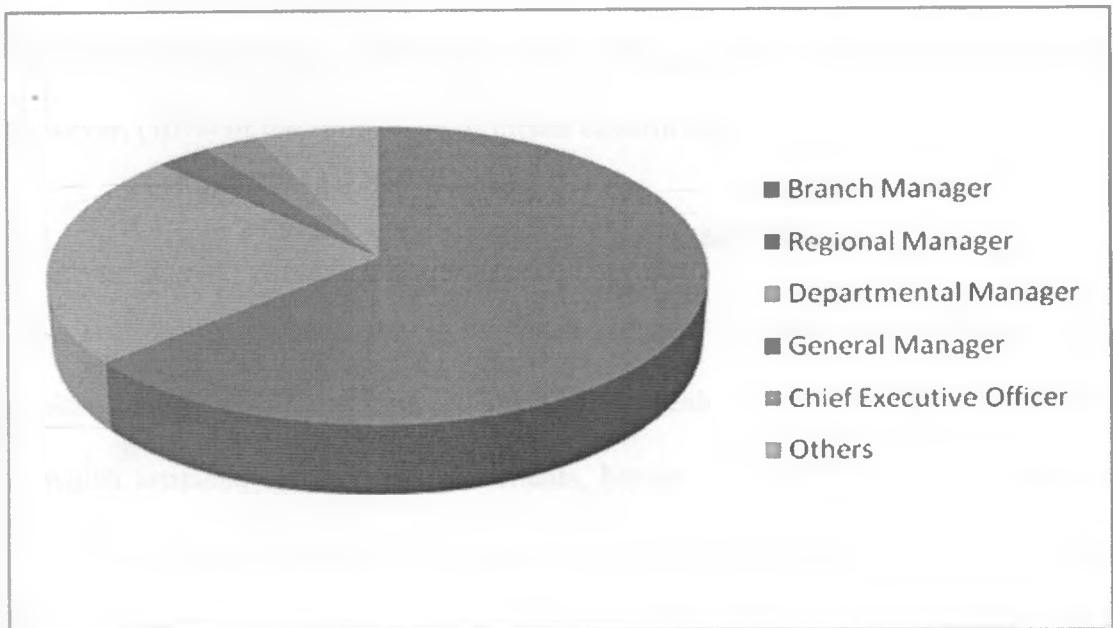
Furthermore, the commercial banks were classified as either local or multinational/ foreign the findings are represented in figure 4.2

Figure 4.2 Classification of Commercial Banks
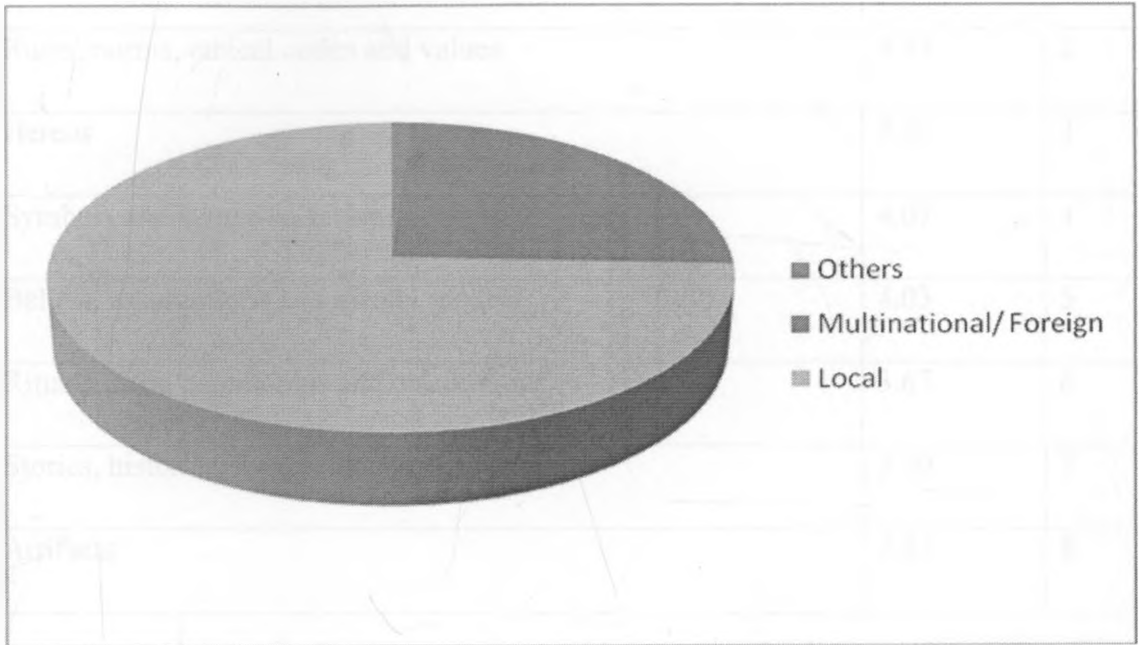
Out of 30 surveyed banks, 70% were local whereas (23.3%) were multinational/ foreign. However, (10%) of the firms were of mixed classification.

4.4 Corporate Culture and Strategy Implementation

This section analyses the extent to which corporate culture issues influence strategy implementation within the bank. A 5-point likert scale was used to determine the extent to which artifacts, stories, rites and rituals, heroes, symbols, beliefs and assumptions, attitudes, rules and norms affect commercial banks strategy implementation. Data was analyzed using mean scores and presented using mean score rankings. The findings are represented in Table 4.1

Table 4.1: Influence of Corporate Cultural Issues on Strategy Implementation

Element of corporate culture	Mean Score	Rank
Attitudes	4.86	1
Rules, norms, ethical codes and values	4.43	2
Hereos	4.26	3
Symbols and symbolic action	4.07	4
Beliefs, assumptions and mental models	4.03	5
Rituals, rites, ceremonies and celebrations	3.67	6
Stories, histories, myths, legends and jokes	3.50	7
Artifacts	3.43	8

Out of 30 respondents who responded to the question regarding their opinion on the extent of influence of the elements of corporate culture on strategy implementation, (53.3%) pointed out that attitudes to 'a very great extent' affected strategy implementation with a mean score of 4.86 and ranked one. Rules, norms, ethical codes, values (4.43) and Heroes (4.26) to 'great extent' influence on strategy implementation as well as symbols (4.07), beliefs assumptions and mental models (4.03). Furthermore, stories, myths, legends (3.50) and artifacts (3.43) to 'a little extent' influence strategy implementation.

The information in Table 4.1 seems to indicate that attitudes have the most bearing influence on strategy implementation among commercial banks, while existing rules,

norms, ethical codes, values and heroes equally influence strategy implementation among commercial banks. However, although stories, myths, legends and artifacts have been identified as influences on strategy implementation, they have been ranked the least. The findings of this study do not concur with Lewis (1981) who argues on harmony between the formal and informal symbolic orders. He argues that the major problem in an organizational strategy implementation is an overwhelming feeling by employees that they are not fully into the symbolic coding of the organization and as such even with the existence of rules, norms and values the full meaning and purpose of their work is not realized. However, the findings of this study concur with Thompson *et al* (2001) who argue on challenging the 'status quo' equated to attitudes as a recipe of success on strategy implementation.

4.5 Elements of Corporate Culture and Strategy Implementation

Elements of corporate culture have a profound influence on implementation of an organizations strategy. These elements include: values; expectations for members behavior; customs and rituals; stories and myths; metaphors and symbols as well as the physical space occupied by the organization. A 5-point scale was used to determine the level of agreement or disagreement to statements closely describing the elements of corporate culture.

4.5.1 Artifacts

On a scale of 1 to 5, where 1=strongly disagree, 5= Strongly agree, respondents were asked to indicate their degree of agreement to specific artifacts statements. The findings are represented in figure 4.3

Figure 4.3: Artifacts
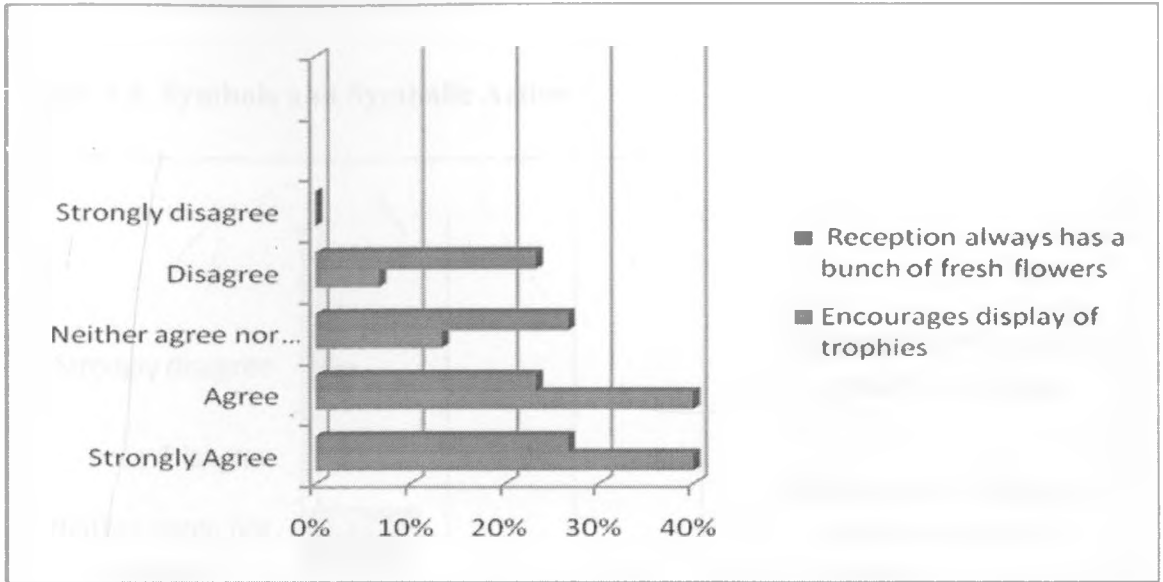
Of the 30 respondents who responded to the question regarding appreciation of artifacts within their organizations, 40% strongly agreed that their reception always had a fresh bunch of flowers, (25%) pointed out that their organization encouraged the display of trophies as an indication of exemplary performance while only(6.7%) and (23%) disagreed in either case respectively. The information in figure 4.3 seems to suggest that majority of commercial banks encourages and uses artifacts; however the kind of artifact and its utilization varies. Furthermore, majority of the respondents cited a reception with a bunch of fresh flowers, while other respondents appeared indifferent on the encouragement to display trophies won for exemplary performance.

4.5.2 Symbols and Symbolic Action

Symbols including, office décor, clothing and logos are visual presentations of the company and furthermore they lock in the users into prescribed behavior that gives them status. Respondents were asked to indicate their degree of agreement with specific

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statements on symbols and symbolic actions in relation to strategy implementation. The findings are represented in figure 4.4

Figure 4.4: Symbols and Symbolic Action
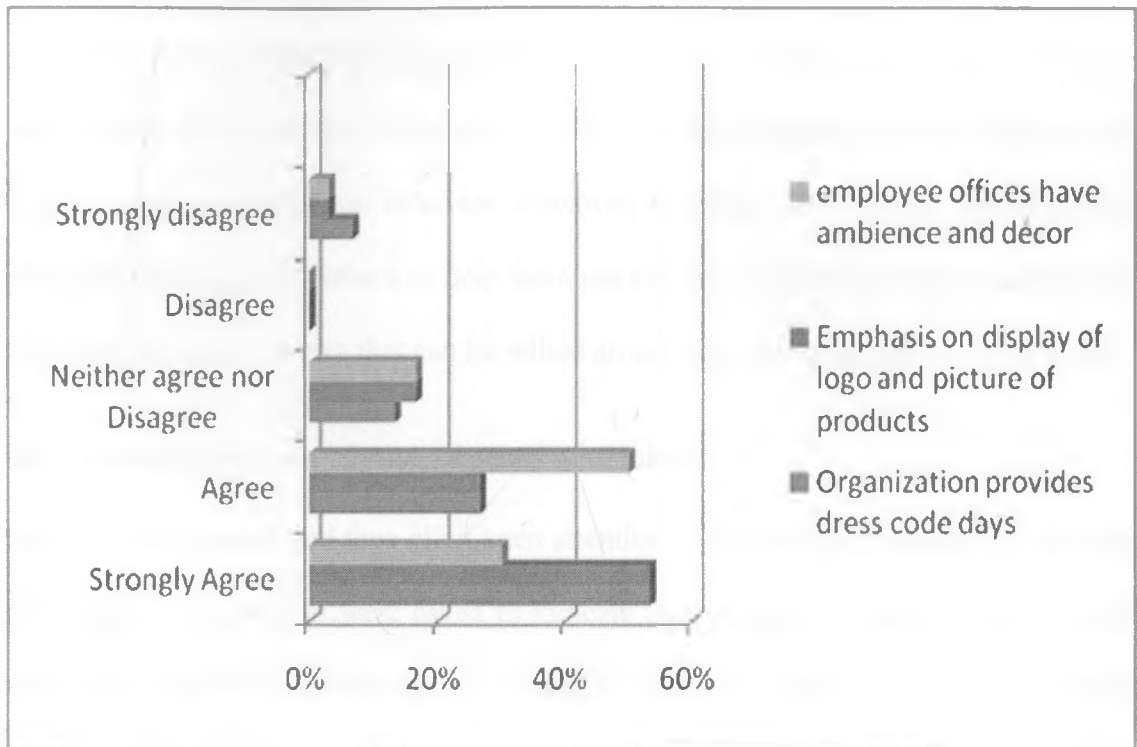
Figure 4.4 revealed that of the 30 respondents who responded to the question regarding the role of symbols and symbolic actions in strategy implementation within their organizations, 53.3% strongly agreed that provision of dress code days, display of logo and pictures of products had an influence on strategy implementation. Furthermore, the common themes from the interviews in quotes were:

'Yes we do, for cashiers there is the photo of the fastest cashier who did the most transactions in any particular day on the walls and banking hall. Not only cashiers, if any staff does an outstanding job then their photos pictured during the task are displayed conspicuously'.

'Yes, like in 2007 I got something so we have medals some of them if you go to different offices depending on what they have done and their level we have certificates, there are lots of those'.

'Yes, the lion is the symbol of our bank next to the slogan "making the difference" so we would like to take pride in the sense that we are making a difference in people's lives'

The finding of this research concurs with Senge (1990) argument that symbolic actions locks in users to a common behavior. However, O'Reilly (1999) while recognizing that status symbols signal to others to help them use the correct behavior, alone cannot appeal to higher ideals and values that can be rallied around a set of meaningful unified goals.

4.5.3 Stories, Histories, Myths, Legends and Jokes

Stories depict culture and they elicit keen attention of the recipient influencing a learning experience. Respondents were asked to indicate their degree of agreement with specific statements regarding the influence of stories, histories, myths, and jokes on strategy implementation. The findings are represented in figure 4.5

Figure 4.5: Influence of Stories, Histories, Myths, Legends, and Jokes on Strategy Implementation
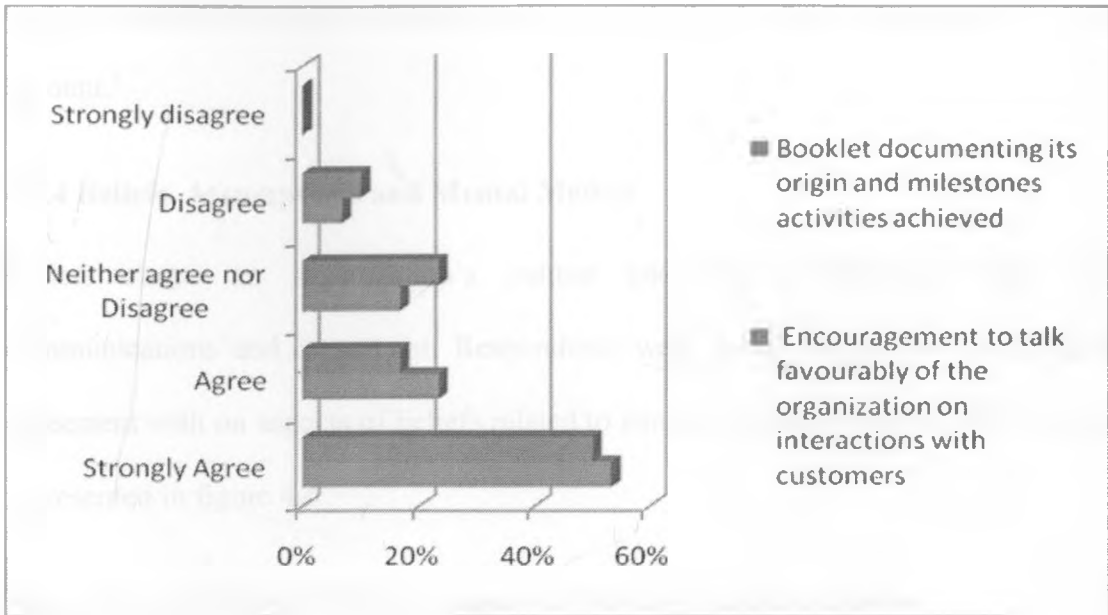
Out of the 30 respondents who responded to this question regarding the influence of specific statements of stories on strategy implementation, 54% strongly agreed that talking favorably of the organization on interactions with customers influenced strategy implementation, (18%) were in agreement that the organization histories are documented, 10% further expressed their disagreement, while no respondent strongly disagreed. The interviews commented:

'It's a mwananchi, listening and caring partner bank growing very fast'. 'Previously people thought of us as a bank for the rich and that we are not in touch with the customers. But for the last 4 years we have gone out to people, with a dedicated sales force informing them how we have grown since our origin. Moreover, our website has a documented page of our origin'.

'About us, people say that we are a sleeping giant because we have a lot of potential of the wide network. We have a loyal customer base, and in the recent past we have been trying to attract the youth coming up with products to attract them such as Bankika account.'

4.5.4 Beliefs, Assumptions and Mental Models

Beliefs shape an organization's culture and more importantly help smooth communications and agreement. Respondents were asked to indicate their degree of agreement with on aspects of beliefs related to strategy implementation. The findings are represented in figure 4.6

Figure 4.6: Influence of Belief Aspects on Strategy Implementation
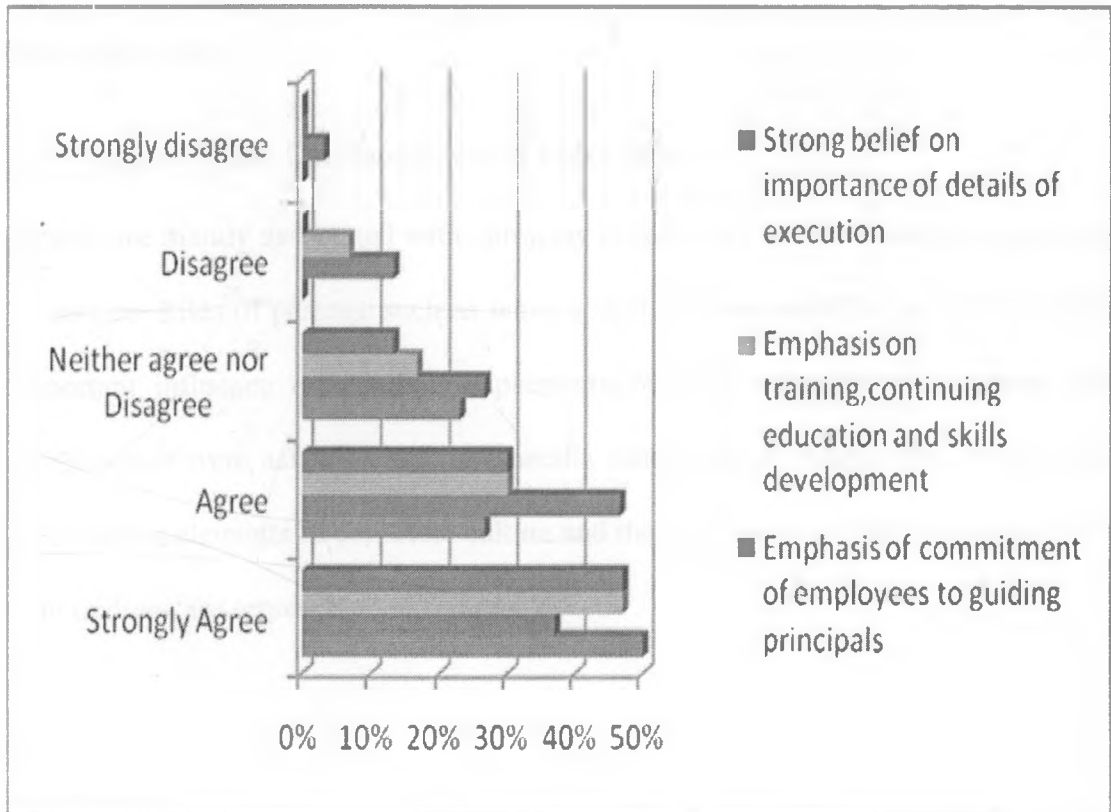
The findings in figure 4.6 reveal that respondents strongly agree with belief aspects of importance of details of execution (47%), continuing education and skills development (47%) and commitment of employees to guiding principles as important influences on strategy implementation. However, 6.7% of the respondents expressed disagreement that a belief on emphasis of commitment of employees to guiding principles influences strategy implementation.

Information in figure 4.6 seem to indicate that the management in commercial banks tend to give emphasis on training, continuing education and skills development, importance of the customer and importance of details execution as belief aspects facilitating strategy implementation. However a few of the respondents seem not to agree that emphasis of an organization on commitment of employees to guiding principles facilitates strategy implementation.

4.5.5 Rituals, Rites, Ceremonies and Celebrations

Rituals are mainly associated with company events such as the release of a new product or service. Rites of passage such as when a staff member retires or is promoted have an important influence on strategy implementation as an element of corporate culture. Respondents were asked to identify specific statements of rituals, rites, ceremonies and celebrations elements of corporate culture and their influence on strategy implementation. The findings are represented in figure 4.7

Figure 4.7: Influence of rituals, rites, ceremonies and celebrations on strategy implementation
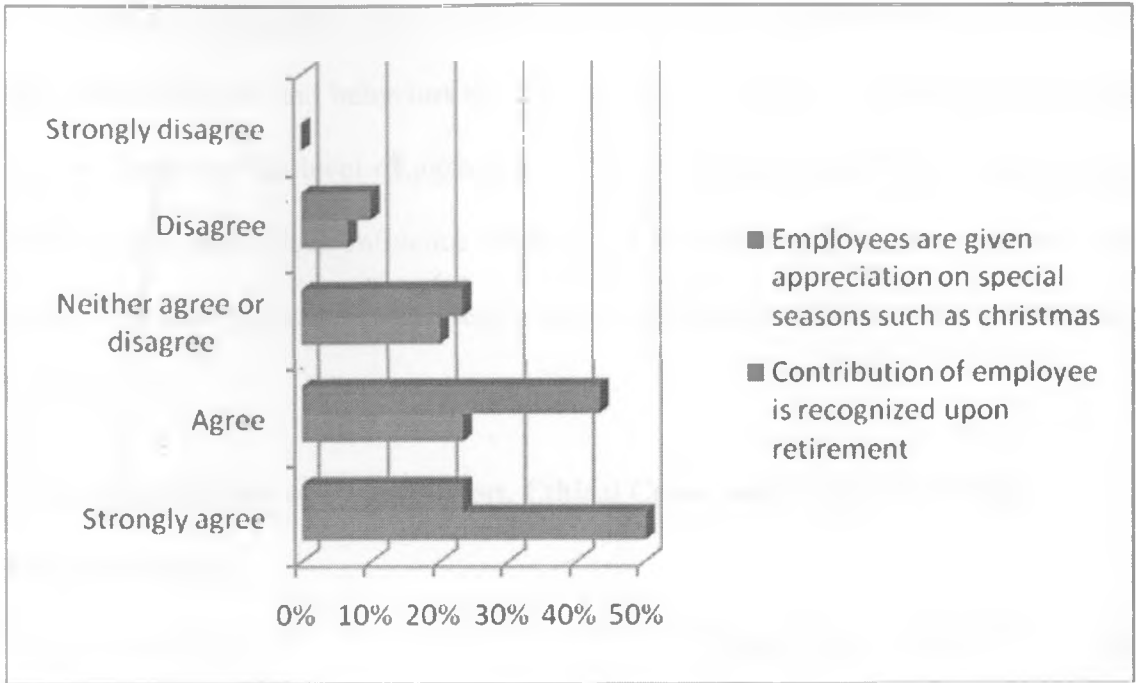
Out of 30 respondents who responded to this question, contribution of employees upon retirement (50%) was identified strongly as an aspect of rituals, rites, ceremonies and celebrations that influenced strategy implementation 44% were in agreement that their banks appreciated the efforts of their employees on special seasons such as Christmas while only (10%) of the respondents were of the contrary opinion. The interviews commented:

"We have prayer meetings and department meetings for bonding frequently". Additionally, ' we have morning briefs before we start working, discuss about what is going on and around, and then once in a while we have team buildings doing activities together to make the environment of work as enjoyable as possible'.

4.5.6 Rules, Norms, Ethical Codes and Values

Rules effectively give order and it is through rules by which members of an organization must abide to. Corporate culture constitute of norms of shared values which define appropriate attitudes and behaviors that drive to a unified goal. A 5-point likert scale was used to determine the level of agreement to which specific statements on rules, norms, ethical codes and values influence strategy implementation. Data was analyzed using mean scores and presented using mean score rankings. The findings are represented in Table 4.2

Table 4.2: Influence of Rules, Norms, Ethical Codes and Values on Strategy Implementation

Specific statements	Mean score	Mean score ranking
There are strict guidelines on hours and days employees work	4.53	1
This organization encourages information sharing through writing, in person, electronically, by phone or in meetings	4.26	2
Our organization encourages employees to spend some time outside office for social engagements	3.73	3
This organization has rules concerning display of personal items	3.63	4

The results in Table 4.2 reveal that commercial banks have strict guidelines on hours and days employees' work (4.53) and that they encourage information sharing through a variety of platforms (4.26). However, the encouragement of employees to spend on social

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engagements is limited (3.73), while some respondents disagree that their banks have rules concerning display of personal items. This finding concurs with Koch (1995) who cites norms and rules as some ideals to excite employee commitment and effort to strategy implementation. However, Mintzberg and Quinn (1991) cautions on the rigidity and adherence to rules as an unbecoming of emergent strategies which result from the emergence of opportunities and threats in the environment.

4.6 Discussion of Finding

The findings of the study indicated that out of 30 respondents who responded to the question regarding their opinion on the extent of influence of the elements of corporate culture on strategy implementation, (53.3%) pointed out that attitudes to 'a very great extent' affected strategy implementation with a mean score of 4.86 and ranked one. Rules, norms, ethical codes, values (4.43) and Heroes (4.26) to 'great extent' influence on strategy implementation as well as symbols (4.07), beliefs assumptions and mental models (4.03). Furthermore, stories, myths, legends (3.50) and artifacts (3.43) to 'a little extent' influence strategy implementation.

The information in Table 4.1 seems to indicate that attitudes have the most bearing influence on strategy implementation among commercial banks, while existing rules, norms, ethical codes, values and heroes equally influence strategy implementation among commercial banks. However, although stories, myths, legends and artifacts have been identified as influences on strategy implementation, they have been ranked the least. The findings of this study do not concur with Lewis (1981) who argues on harmony between the formal and informal symbolic orders. He argues that the major problem in an

organizational strategy implementation is an overwhelming feeling by employees that they are not fully into the symbolic coding of the organization and as such even with the existence of rules, norms and values the full meaning and purpose of their work is not realized. However, the findings of this study concur with Thompson *et al* (2001) who argue on challenging the 'status quo' equated to attitudes as a recipe of success on strategy implementation.

On symbols and symbolic actions that study revealed that of the 30 respondents who responded to the question regarding the role of symbols and symbolic actions in strategy implementation within their organizations, 53.3% strongly agreed that provision of dress code days, display of logo and pictures of products had an influence on strategy implementation. The finding of this research concurs with Senge (1990) argument that symbolic actions locks in users to a common behavior. However, O'Reilly (1999) while recognizing that status symbols signal to others to help them use the correct behavior, alone cannot appeal to higher ideals and values that can be rallied around a set of meaningful unified goals.

The results in Table 4.2 reveal that commercial banks have strict guidelines on hours and days employees' work (4.53) and that they encourage information sharing through a variety of platforms (4.26). However, the encouragement of employees to spend on social engagements is limited (3.73), while some respondents disagree that their banks have rules concerning display of personal items. This finding concurs with Koch (1995) who cites norms and rules as some ideals to excite employee commitment and effort to strategy implementation. However, Mintzberg and Quinn (1991) cautions on the rigidity

and adherence to rules as an unbecoming of emergent strategies which result from the emergence of opportunities and threats in the environment.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter represents the summary, conclusions and recommendations, limitations and suggestions for further areas of research. The chapter summarizes the findings of the study in relation to the objective of the study. The objective was to determine the influence of corporate culture on strategy implementation among commercial banks in Kenya.

5.2 Summary

The summary follow from the data analysis and conclusions are based on the research objectives. The study revealed that the elements of corporate culture to some extent affect influence strategy implementation among commercial banks. The elements that require considerations based on the rankings include: attitudes; rules, norms, ethical codes and values; heroes; symbols and symbolic action; beliefs, assumptions and mental models; rituals, rites, ceremonies and celebrations; stories, histories, myths, legends and jokes; artifacts.

Any proposed strategy, the study revealed should preserve, emphasize and enhance culture. Furthermore, the elements of culture are a strong influence to strategy implementation and should not be viewed in isolation. According to Colins and Porras (1994) corporate culture is central to the functioning of the organization and is therefore critical that this culture is aligned with the organization's strategy.

According to Thompson *et al* (2005), when an organization is born the founders articulates a set of business principles, company values and ways of dealing with customers and other stakeholders. Over time they become completely deep rooted within the organization and becomes professed value, rituals, stories, beliefs, norms and values. This study confirms this argument that the cultural aspects of the founders have a profound effect on strategy implementation.

This study found out that a significant part of a company's corporate culture is captured in the stories that get told over and over again, to illustrate to new comers the importance of certain values and depth of commitment various staff have displayed. For instance, in one of the commercial banks a scrap book is kept commemorating the heroic acts of its employees and uses this as a regular reminder of the above-and-beyond-the call of duty that employees are encouraged to display. The study found this institutionalized approach to story-telling as important in developing an organization culture, which strongly identifies with organizations members who come to share the beliefs and values that support any strategy implementation.

5.3 Conclusions and Recommendations

Corporate cultures are a powerful force that clarifies what's important and coordinates members' efforts without the costs and inefficiencies of close supervision. A good job of culture building on management's part promotes, can do attitudes and acceptance of change, and instills strong employee behaviors conducive to good strategy execution. The elements of corporate culture need to be compatible with the strategy implemented.

When culture influences actions of employees to support current strategy, implementation is strengthened.

This study concludes that successful strategy execution requires that the elements of culture are supportive if not compatible with the strategy to be implemented. The performance of commercial banks and their service delivery is influenced by the elements of corporate culture. Although, the tighter- strategy culture fit pushes the people to display the behaviors and observe operating practices that are conducive to good strategy execution, this study concludes that a strategy- supportive culture funnels organizational energy towards getting the right things done and delivering positive organizational results.

The results of this study tends to support prescriptive literature(Thompson *et al*, 2005; Colins and Porras ,1994 ; Koch ,1995 ; Senge ,1990) who have argued to the effect of symbols, stories., values, rituals, ceremonies, attitudes, rules and norms as strong influences to successful strategy implementation. Although, strategy- culture can lead to problems created by a series of psychological processes; this study recommends that cultural values are very powerful because they inspire employees by appealing to their ideals and clarify expectations and thus overtime results to good strategy implementation.

5.4 Limitations of the Study

The scope of the study was limited to commercial banks in Kenya and did not include other financial institutions that provide financial services such as micro finance and cooperative savings and credit unions as well as insurance organizations. However, because of this small sample size used for this study, the generalization for the entire

financial services sector is limited. The reliability of the method of data collection hindered the response rate. Although the research targeted the Chief Executive Officer or a delegated officer, the researcher finally got a majority of the responses from branch managers who may not have provided an organization wide culture although they are the implementers of strategy.

5.5 Suggestions for Further Research

This study suggests a similar study on a larger sample for the entire financial services sector to investigate the validity of the findings. Further research can also examine the influence of the elements of corporate culture on strategy formulation. Furthermore, future research can also examine the extent of influence of a singular element of corporate culture on strategy implementation.

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APPENDICES

Appendix 1: Letter to the Respondents

Dear Respondent,

TO WHOM IT MAY CONCERN

I'm a postgraduate student undertaking a Master of Business Administration (MBA) degree at the school of business, University of Nairobi. I am currently carrying out a research on "Influence of Corporate Culture on Strategy Implementation within Commercial Banks in Kenya." This is a requirement to complete my MBA course project at the University of Nairobi.

Your organization has been selected to form part of this study. This letter is to kindly request you to assist me collect the data by filling out the accompanying questionnaire, which I will collect from you.

The information provided will be used exclusively for academic purposes. My supervisor and I assure you that the information you give will be treated with strict and utmost confidence. Your name or the name of your organization will not be mentioned in this research.

A copy of this research project will be made available to you upon request- I will appreciate your cooperation in this academic exercise.

Thanking you in advance,

Yours faithfully,

_____

OBOSI MOKOHI FRANCIS   **MR. JACKSON MAALU**

D61/70174/2007   **SUPERVISOR**

STUDENT

Appendix II: Questionnaire

Please answer the following questions by circling in the appropriate box or by giving the necessary details on the provided spaces. The information given will be strictly confidential and only used for the purpose of this research.

PART 1: RESPONDENT PROFILE

1. Name of the

Bank…………………………………………………………………………..

2. Position: Chief executive officer ○ General Manager ○ Departmental Manager ○

Branch Manager ○

Others (Please

Specify)……………………………………………………………………

3. Classification of Bank: Local [ ]   Multinational / Foreign [ ]

PART II: ELEMENTS OF CORPORATE CULTURE AND STRATEGY IMPLEMENTATION

On a scale of 1-5 where, 1= Strongly disagree; 2= Disagree; 3= Neither agree nor disagree; 4= Agree; 5= Strongly agree please circle the number that closely describes how much you agree with the statement.

	Statement	1	2	3	4	5
	Artifacts					
1	This organization encourages display of trophies won for exemplary performance as well as inscribed tea mugs, writing pens among other objects	1	2	3	4	5
2	Our reception always has a fresh bunch of flowers	1	2	3	4	5
	Stories, histories, myths, legends and jokes					
3	Employees are encouraged to talk about our organization in their interactions with customers	1	2	3	4	5
4	Our organization has a booklet documenting its origin and milestones activities it has achieved	1	2	3	4	5
	Rituals, rites, ceremonies and celebrations					
5	Employees are given appreciation on special seasons such as Easter ,Christmas	1	2	3	4	5
6	This organization recognizes the contribution of an employee on upon retirement through golden service reward and celebration	1	2	3	4	5
	Heroes					
7	This organization recognizes her heroes and employees with exemplary performance	1	2	3	4	5
8	Founders of this organization are portrayed as very important and perfect	1	2	3	4	5

	Symbols and symbolic action					
9	Our organization provides days for dress code as well as casual-dress	1	2	3	4	5
10	This organization gives emphasis on display of logo and pictures of products on walls and work places	1	2	3	4	5
11	Our employee work from open cubicle offices of a standardized ambience and decor	1	2	3	4	5
	Beliefs, assumptions and mental models					
12	There a strong belief on the importance of customers within this organization	1	2	3	4	5
13	This organization emphasizes a commitment of employees to its guiding principals	1	2	3	4	5
14	Our organization gives emphasis on training, continuing education and skills development programs	1	2	3	4	5
15	There is a strong belief in the importance of details of execution	1	2	3	4	5
	Attitudes					
16	There is a strong interaction among employees in this organization either for fun or business	1	2	3	4	5
17	There exist external displays of underlying beliefs to signal to each other displeasure or dissatisfaction among employees	1	2	3	4	5
	Rules, norms, ethical codes and values					
18	This organization has rules concerning display of personal items	1	2	3	4	5
19	There are strict guidelines on hours and days employees work	1	2	3	4	5
20	Our organization encourages employees to spend some time outside office for social engagements.	1	2	3	4	5
21	This organization encourages information sharing through writing, in person, electronically, by phone or during meetings	1	2	3	4	5

On a scale of 1-5 where, 1= Not at all; 2= Very little extent; 3= Little extent; 4= Great extent; 5= Very great extent, indicate the extent to which the following elements of culture affect the organization strategy implementation.

22	Element of corporate culture	1	2	3	4	5
23	Artifacts	1	2	3	4	5
24	Stories, histories, myths, legends and jokes	1	2	3	4	5
25	Rituals, rites, ceremonies and celebrations	1	2	3	4	5
26	Heroes	1	2	3	4	5
27	Symbols and symbolic action	1	2	3	4	5
28	Beliefs, assumptions and mental models	1	2	3	4	5
29	Attitudes	1	2	3	4	5
30	Rules, norms, ethical codes and values	1	2	3	4	5

a) Stories

i. What stories do people currently tell about your organization?

ii. What reputation is communicated amongst your customers and other stakeholders?

iii. What do these stories say about what your organization believes in?

iv. What do employees talk about when they think of the history of the company?

v. What stories do they tell new people who join the company?

vi. What heroes, villains and mavericks appear in these stories?

b) Rituals and Routines

i. What do customers expect when they walk in to the banking hall?

ii. What do employees expect?

iii. What would be immediately obvious if changed?

iv. What behavior do these routines encourage?

v. When a new problem is encountered, what rules do people apply when they solve it?

vi. What core beliefs do these rituals reflect?

Examples: *Customers expect a newspaper and coffee whilst they wait for service.*

c) Symbols

i. Is company-specific jargon or language used? How well known and usable by all is this?

ii. Are there any status symbols used?

iii. What image is associated with your organization, looking at this from the separate viewpoints of customers and staff?

d) Organizational Structure

i. Is the structure flat or hierarchical? Formal or informal?

ii. Where are the formal lines of authority?

iii. Are there informal lines?

e) Control Systems

i. What process or procedure has the strongest controls? Weakest controls?

ii. Is the company generally loosely or tightly controlled?

iii. Do employees get rewarded for good work or penalized for poor work?

iv. What reports are issued to keep control of operations, finance, etc...?

f) Power Structures

i.   Who has the real power in the organization?

ii. What do these people believe and champion within the organization?

iii. Who makes or influences decisions?

iv. How is this power used or abused?

g) In your opinion how does the element identified as (a) – (f) influence strategy implementation within the bank?

Appendix IV: List of Commercial Banks

1. African Banking Corporation Ltd.   Managing Director: Mr. Shamaz Savani
2. Bank of Africa Kenya Ltd   Managing Director: Mr. Leon Dufour
3. Bank of Baroda Kenya Ltd   Managing Director: Mr. K.N. Manvi
4. Bank of India   Chief Executive: Mr. A.K. Jalota
5. Barclays Bank of Kenya Ltd   Managing Director: Mr. Adan Mohammed
6. CFC Bank Ltd   Managing Director: Mr. M. Soundararajan
7. Charterhouse Bank Ltd   Under statutory management
8. Chase Bank (K) Ltd   Managing Director: Mr. Zafrullah Khan
9. Citibank N.A Kenya   General Manager: Mr. Ade Ayeyemi
10. City Finance Bank Ltd   Managing director: Mr. S.V. Ramani
11. Co-operative Bank of Kenya Ltd   Managing Director: Mr. Gideon M. Muriuki
12. Commercial Bank of Africa   Managing Director: Mr. Isaac Awuondo
13. Consolidated Bank of Kenya Ltd   Chief Executive: Mr. David N. Wachira
14. Credit Bank Ltd   General Manager: R.N. Patnaik
15. Development Bank of Kenya Ltd   General Manager: Mr. Victor Kidiwa
16. Diamond Trust Bank (K) Ltd   Managing Director: Mrs. Nasim M. Devji
17. Dubai Bank Kenya Ltd   Managing Director: Mr. Viju Cherian
18. Equatorial Commercial Bank Ltd   Managing Director: Mr. Hassan Rizvi
19. Ecobank   Managing Director: Mr. R. Arora
20. Equity Bank Ltd   Managing Director: Dr. J.N. Mwangi
21. Fidelity Commercial Bank Ltd   Managing Director: R.B. Singh
22. Fina Bank Ltd   Executive: Mr. Frank Grifiths
23. Guardian Bank Ltd   Managing Director: Mr. Gopinath Bhatt
24. Giro Commercial Bank Ltd   General Manager: Mr. M.P. Sastry
25. Habib Bank A.G Zurich   Country Manager: Mr. Iqbal A. Allawala
26. Habib Bank Ltd   General Manager : Mr. Rizwan Haider
27. Imperal Bank Ltd   Managing Director: Mr. A. Jamohamed
28. Investment and Mortgages Bank Ltd   Chief executive officer: Mr. Arun S. Mathut
29. K-Rep Bank Ltd   Managing Director: Mr. Kimanthi Mutua

30. Kenya Commercial Bank Ltd	Managing Director: Mr. Martin Oduor
31. Middle East Bank (K) Ltd	Managing Director: Mr. Peter Harris
32. National Bank of Kenya Ltd	Managing Director: Mr. Reuben Marambii
33. National Industrial Credit Bank Ltd	Managing Director: Mr. J.W. Macharia
34. Oriental Commercial Bank Ltd	Managing Director; Mr. B.K Dutta
35. Paramount Universal Bank Ltd	Managing Director: Mr. Ayaz Merali
36. Prime Bank Ltd	Chief executive: Mr. Vasant K Shetty
37. Southern Credit Banking Corporation	Managing Director: Mrs. Muthoni Kuria
38. Stanbic Bank Kenya Ltd	Managing Director: Mr. Mike Dutoit
39. Standard Chartered Bank (K) Ltd	Managing Director: Mr. Richard Etemesi
40. Trans-Ntional Bank Ltd	Managing Director: Mr. Dhirendra K Rana
41. Victoria Commercial Bank Ltd	Managing Director: Mr. Yogesh K Pattni

Source: CBK website www.centralbank.go.ke