INFLUENCE OF CORPORATE CULTURE ON MANAGEMENT OF STRATEGIC CHANGE IN COMMERCIAL BANKS IN KENYA

BY

DENA ATIENO OKEYO

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DECLARATION

This is my original work and has not been presented for a degree in any other university.

Signature.. Date. 16/11/2010 ....

Dena Atieno Okeyo

Reg. No. D61/71272/2008

This project has been submitted for examination with my approval as University supervisor.

Signature.. Date. 16/11/2010 ....

Dr. Martin Ogutu

Department of Business Administration

School of Business

University of Nairobi

DEDICATION

This research paper is dedicated to the Ogal family and my Estrella friends. Thank you for the love, support and for always being there. God bless you. All Glory and Honour I give back to Jesus for being my Lord, my Guide and my Provider throughout this journey. Thank you for your faithfulness.

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ABSTRACT

Helping organizational members cope with change is one of the most critical success factors in change management. Managers have not fully addressed the human side of change and therefore their best laid plans have failed. Corporate culture can impede or facilitate change. It can resist change, respond to change, accept change or initiate change. It is therefore necessary to examine at depth the influence of corporate culture on management of strategic change.

The research objectives therefore are: the practices Commercial Banks in Kenya have adopted in management of strategic change, the corporate culture of Commercial Banks in Kenya are and what is the influence of corporate culture on management of strategic change in Commercial Banks in Kenya.

This study utilized primary data which was collected by way of a questionnaire. The questionnaire looked into the demographic information; practices of management of strategic change, corporate cultural practices at the effectiveness of managing change with regard to corporate cultural influences. The research design used was a survey. On receiving the questionnaires from the respondents, the data was then coded and tabulated to facilitate data analysis. Descriptive statistic such as mean scores, standard deviation, percentages, and cumulative frequency was used to transform obtained data from the banks into standard form for relative comparison.

From this study it was found that the benefits of a good culture and strategic fit is that supportive cultures shape the mood and temperament of the work force positively affecting organizational energy, work habits, and operating practices. It provides standards, values, informal rules and peer pressures that nurture and motivate people to do their jobs in ways that promote good strategy execution. A good strategy- supportive culture also strengthens employee identification with the company, its performance targets, and strategy.

CHAPTER ONE: INTRODUCTION

1.1 Background of study

In an ever-changing global economy, Johnson and Scholes (1993) notes that organizations must find ways for operating by developing new competences as the old advantage and competences gained is quickly eroded owing to environmental changes. Because of the fact that changes are a necessity in private as well as public sector, every organization must change with the environment otherwise, it would become irrelevant. Changes in the service institutions arise out of the need for efficiency, economy, effectiveness, performance evaluation ethics and market concerns. Rising demand for services and expectations of quality of those services have placed extreme pressure on managers and their organisations, depicting change as a continuous episode in the life of corporations.

Change is any planned or unplanned transition from one scenario to another. Strategic change is long term in nature, effects the entire organization and aims at achieving effectiveness. Operational change on the other hand is short term in nature, effects sections of the organization and focus on efficiency. Organizational change management is very important globally and it is influenced and affected by different internal and external factors, positively or negatively. Most organizations have been undergoing rapid changes during the last decade. Actually not all these change is immediately related to current economic problems.

Change has become an enduring feature of organizational life. Few can claim to have been untouched by either the pace or direction of organizational change in recent years. Managers are finding it difficult to make sense of the business environment in which they operate. One of the reasons for this is the speed of change. Managers feel that the pace of technological change and speed of global communication mean accelerated change now than ever before. It is the crucial responsibility of managers to ensure the organizational capacity to survive within the chaotic environment; a feat to be achieved through managers adapting their organizations to the changing environment (Pearce and Robinson, 2000).

1.1.1 Corporate Culture

Organizational culture or corporate culture is the pattern of values, norms, beliefs, attitudes and assumptions that may not have been articulated but shape the ways in which people behave and things get done. Values refer to what is believed to be important about how people and the organizations behave. Norms are unwritten rules of behaviour. Furnham and Gunter (1993) define culture as the commonly held beliefs, attitudes and values that exist in an organization. Put more simply, culture is "the way we do things around here". They point out that culture represents the 'social glue' and generates a 'we-feeling', thus counteracting processes of differentiations which are an unavoidable part of organizational life. Organizational culture offers a shared system of meanings which is the basis for communications and mutual understanding. If these functions are not fulfilled in a satisfactory way, culture may significantly reduce the efficiency of an organization.

Burnes (1996) says that no organization has a static culture. As the external and internal business environment of the organization change so will the culture. He observes that organization may at times find their culture inappropriate or even detrimental to their business needs. Kotter (1995) defines culture as norms of behaviour and shared values among a group of people. He says that because of its near invisibility, culture is difficult to address directly. When new practices made in a transformation effort are incompatible with the existing culture, then the change will most likely falter.

Culture is the collective programming of the human mind that distinguishes the members of one human group from the other. It is a system of collectively held values. The corporate culture is what is typical of the organization, the habits, prevailing attitudes, grown up pattern of accepted and expected behaviour. What makes up the corporate culture are; the values and principles of management, work climate and atmosphere, patterns of "how we do things around here", often told stories illustrating company's values, taboos and political don'ts, traditions and ethical standards. Corporate culture can either impede or facilitate change. It can either resist change, respond to change, accept change and initiate change. It therefore becomes a necessity to examine the cultural fit with the strategic change.

The benefits of a good culture and strategic fit is that supportive cultures shape the mood and temperament of the work force positively affecting organizational energy, work habits, and operating practices. It provides standards, values, informal rules and peer pressures that nurture and motivate people to do their jobs in ways that promote good strategy execution. A good strategy- supportive culture also strengthens employee identification with the company, its performance targets, and strategy. In managing change therefore, an organization must eliminate rules and policies that hinder the change and create new ones that reinforce the desired way of operating. Develop goals and measurements that reinforce the desired change, replace old ways of doing things that reinforce old ways with new customs and norms. It is important to deliver communication in new ways that show commitment to change, make sure the physical environment reflects change and that structure reinforce the operating changes.

Because culture is developed and manifests itself in different ways in different organizations, it is not possible to say that one culture is better than another, only that it is dissimilar in certain ways. It may not be possible to define an ideal structure or to prescribe how it can be developed, but it can at least be stated with confidence that embedded cultures exert considerable influence on organizational behaviour and therefore performance. If there is an appropriate and effective culture it would be desirable to take steps to support it. If the culture is inappropriate, attempts should be made to determine what needs to be changed and to develop and implement plans for change.

1.1.2 Management of Strategic change

Johnson and Scholes (2002) define change management as the deliberate and coordinated actions taken to transform an organization to overcome environmental changes in order to achieve its objectives. Hence organizations are undertaking strategic changes in order to align their business strategies to the environment thereby matching the resources and activities of an organization to that environment. Hill and Jones (2001) further views change management as a move from a present state to a future state that increases competitiveness advantage. They further propose the following in addressing change management: determining the need to change, determining obstacles to change, implementing the change and finally evaluating the change.

Kanter (1984) on his part says that change management will require: tuning into the environment, challenging assumptions, crafting a vision, using diplomatic skills to get favourable responses (this builds coalitions of backers), keeping actions moving by handling interferences or resistance, maintaining the momentum, incorporating emergent developments and never losing sight of the overall goal. Strategic change management is defined as actions, processes, and decisions that are executed by organizations members to realize their strategic intentions. This helps organizations to achieve the highest impact, efficiency and have the least interruption and negative consequences. Managing strategic change is about managing the unfolding non-linear dynamic processes during strategy implementation. It involves change or alignment in policy systems, styles, values staff and skills of an organization to realize a strategy (Peters, 1994).

Strategic change management is a process that assesses the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors; and then reassesses how it has been implemented and whether it has succeeded or needs replacement by a new strategy to meet changed circumstances, new technology, new competitors, a new economic environment, or a new social, financial, or political environment. Hence management of strategic change is seen as how to create conditions that makes proactive change as a natural way of life.

But in essence there is evidence that no systematic plans had been developed for addressing resistance to the implementation of the system based on: fear of losing jobs, negative experiences of previous problematic change projects, changes to their internal status, or because of the stressful work conditions that change induces. Employee commitment to change programmes is crucial given that they actually execute implementation activities. Ansoff (1988) notes further that resistance to change is a multifaceted phenomenon, which introduces unanticipated delays, costs and instabilities into the process of strategic change. Low employee commitment could therefore obstruct acceptance of an implementation process. A range of intangible and therefore difficult to measure factors such as understanding, ownership and involvement, are also important in obtaining commitment.

In response Johnson and Scholes (2002) notes that resistance can be minimized through, timing the change, identifying where job losses and de-layering should take place and implementing visible short term wins. Without proper leadership, employees will remain sceptical of the vision for change and distrustful of management and management will likewise be frustrated and stymied by employees' resistance to change (Skrebel, 1996). Building organizational capacity to the desired level can reduce systematic resistance and increase employee productivity.

Pettigrew and Whipp (1998) have identified five central factors for managing change as environmental assessment, leading change, linking strategy and operational change, human resources as assets and liabilities, and coherence in the management of change. They underscore the requirement for organizations to become open learning systems and lay stress on the strategy creation tends to emerge from the way an organization at all levels process information about its environment. Further, they point out that the critical leadership tasks in managing change are more incremental and often less spectacular than the prevailing business press images. According to the two, leading change involves linking actions by people at all levels of the organization.

Change management is empowering organizations and individuals to take over responsibility for their own future. Creating a learning organization is an example of a form of empowerment. The forces that operate to bring about change are many and varied. Some forces are gentle while others are strong and can cause devastation to structures and operations in an organization. There has been increased uncertainty of the future. The pace and scale of the change demanded of organizations have been enormous. These changes have implications on the management of organizations in the future. Analyzing the causes of the change is a good beginning point in managing change. One key factor for implementing change is having the right people to sell, implement, and drive the program from start to finish. One of the reasons change processes fail is because companies underestimate the importance of the individuals involved in the change and their interaction (Kotter, 1996). If resistance to change is poorly managed, it can undermine even the most well-intentioned and well-conceived change efforts.

1.1.3 Commercial Banks in Kenya

As at June 30, 2009 the Kenyan banking sector comprised of 43 commercial banks, 2 mortgage finance companies and 123 foreign exchange bureaus. The sector witnessed an increase in the branch network from 772 branches in June 2008 to 930 in June 2009 representing a growth of 20.5 percent. One deposit taking microfinance institution, namely Faulu Kenya was issued with licence to allow it to take deposits from the public during the period under review. Further, the bank approved 29 business names for applicants seeking to operate as deposit taking microfinance institutions which is the first stage in the licensing process (CBK Report, 2009).

The banking Industry in Kenya is regulated by the Central Bank of Kenya, CBK Act Cap 411 and the Banking Act Cap 488. These Acts are intended primarily to facilitate the development and maintenance of a sound monetary policy (GoK, 1989). The industry comprises financial institutions or mortgage finance companies. The CBK, which falls under the Ministry of Finance docket, is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper functioning of the financial system. The central issue of interest by the Central Bank to the Kenyan commercial Banks is how best to promote access to the financial system by a wider segment of the Kenyan populace.

The banking sector in Kenya, by offering financial services to the low-income households and micro and small enterprises, has enormous potential to support the economic activities of the poor and thus contribute to poverty alleviation. Owing to the importance of savings and credit facilities, there is considerable emphasis on the sound development of banking institutions as vital ingredients for investment, employment and economic growth (Commercial Banks Directory, 2007)

Competition for survival and growth within the industry is extremely intense. This poses a major challenge owing to the poor performance of the economy in the recent decades and the decline in the inflow of investments and shrinking of profits. The banking industry in Kenya has been dogged by a lot of controversies in the past. The general public has accused the industry of exploitation. Banks have been accused of making immoral profits by charging exorbitant fees and charges in an economy under recession.

The industry has faced several issues such as changes in the regulatory framework, declining interest margins due to customer pressure, increased demand for non-traditional services and introduction of non-traditional players, who now offer financial services products. Nevertheless, Kenya's banking sector has been evolving quite fast and adapting to the challenges in its environment which include a poor and declining economy, cyclical interest rates, high incidence of nonperforming loans, changes in the regulatory environment and a fluid and volatile political environment. The issues and challenges facing the corporate sector has never been as turbulent and unpredictable as they are today due to the globalization and liberalization of the economy, intense competition, emerging multilateral trading order, hence the need for sustainable development of sustainable strategies.

The banks compete mainly on products and pricing. Though the banks compete on all fronts like the use of new technology, new products, and pricing, there exists differences in the levels of customer service provided in each of the banks and one can easily differentiate them from the levels of customer service delivered. Superior customer service coupled with product segmentation is deemed to have a competitive advantage in which a product whose attributes differs significantly from rivals products.

1.2 Statement of the Problem

Corporate culture of an organization refers to the unique configuration of norms, values, beliefs and ways of behaving that characterise the manner in which groups and individuals combine to get things done (Eldridge and Crombie, 1974). Corporate culture is the total sum of the values, customs, traditions and meanings that make a company unique. Corporate culture is often called "the character of an organization" since it embodies the vision of the company's founders. The values of a corporate culture influence the ethical standards within a corporation, as well as managerial behaviour.

Strategic change management is defined as actions, processes, and decisions that are executed by organizations members to realize their strategic intentions. This helps organizations to achieve the highest impact, efficiency and have the least interruption and negative consequences. Managing strategic change is about managing the unfolding non-linear dynamic processes during strategy implementation. It involves change or alignment in policy systems, styles, values, staff and skills of an organization to realize a strategy (Peters, 1994).

The current business environment in which Commercials Banks in Kenya operates is characterised by drastic unexpected changes in environmental factors such as; political-legal systems, customer awareness, competition and technological advancement which have created new challenges. New situations which are unpredictable and difficult to understand are becoming daily occurrences, leading to change being seen as an adventure into the unknown where outcomes are probabilistic and cannot be predetermined beforehand. The management of change which involves the alignment of the organization's culture, values, people, and their behaviours to encourage the desired results is a great challenge.

Helping employees cope with change is one of the most critical success factors in change management. Managers have not fully addressed the human side of change and therefore their best laid plans have failed. People will always resist change because it is seen as a threat to familiar patterns of behaviour as well as to status and financial rewards. Corporate culture can impede or facilitate change. It can resist change, respond to change, accept change or initiate change. It is therefore necessary to examine at depth the influence of corporate culture on management of strategic change.

Studies in change management practices have been done in Kenya .Gekonge (1999) conducted a survey of the strategic change management practices by Kenyan companies, Bwibo (2000) did a survey of strategic change management practices within non-governmental organizations in Kenya, Sikasa (2004) carried out a study on customer perception of change management practices while Otiso (2008) studied strategic change management practices. Of the studies done none of them seem to answer the influence of corporate culture on management of strategic change in the Commercial Banks in Kenya thus creating the knowledge gap.

This study is therefore aimed at identifying and determining the practices Commercial Banks in Kenya have put in place to manage change in spite of the great influence of corporate culture. The research questions therefore are: What are the practices Commercial Banks in Kenya have adopted in management of strategic change? What is the corporate culture of Commercial Banks in Kenya? What is the influence of corporate culture on management of strategic change in Commercial Banks in Kenya?

1.3 Research Objectives

(i) To determine the practices Commercial Banks in Kenya have adopted in management of strategic Change.

(ii) To determine the corporate culture of Commercial Bank in Kenya.

(iii) To establish the influence of corporate culture on management of strategic change in Commercial Banks in Kenya.

1.4 Importance of the Study

This study will shade light on how corporate culture influences management of strategic changes in Commercial Banks in Kenya. The study will aid managers of these institutions to know that while culture issues supports change and goal achievement they may also present barriers to change. To overcome cultural barriers the best way to start is to look at the characteristics of a high performance culture.

Policy makers will obtain guidance from this study in designing appropriate policies that will regulate the banking industry with regards to handling corporate culture and change management. The findings of the study therefore may form a basis of encouraging the policy makers to continuously do internal analysis, develop and encourage positive corporate cultural aspects which lead to successful change management process.

CHAPTER TWO: LITERATURE REVIEW

2.1 Strategic Change Management

New situations which are unpredictable and difficult to understand are becoming daily occurrences, leading to change being seen as an adventure into the unknown where outcomes are probabilistic and cannot be predetermined beforehand. Strategic Change is the reshaping of culture, strategy, structure and paradigms of an organization over time by thinking natural designs, and external forces or simple drift in order to implement a strategy. A strategy is a game plan, or deliberate or emergent patterns of decisions to protect, promote, and enhance the capability of the organization to compete successfully (Johnson and Scholes, 2002).

Without effective strategic change management, strategic planning will not succeed. It will be difficult to implement. Strategic planning can be defined as the creation of a sense of long-term direction in order to anticipate and shape the future environment facing an organization, to allocate resources for competitive advantage and to steer change in the organization. Strategic management can also be defined as an effort, by organizational members, to make their organizations more proactive and innovative in initiating and implementing strategic change and the strategy itself, to gain a sustainable competitive advantage in their industry or market.

Strategy itself is really about continuity, not change. It is concerned with imposing stable patterns of behaviour on an organization. But to manage strategy is frequently to manage change, that is to recognize when a shift of a strategic nature is possible, desirable, necessary and then to act. Strategic management is a systematic approach for managing strategic change. This approach consists of positioning of the firm through strategy and capability planning, real time strategy response through issue management which need benchmark the company's operation with the best players in the industry, and systematic management of resistance during strategic implementation (Ansoff and McDonnell, 1990).

Change management scholars say it entails thoughtful planning and sensitive implementation and above all consultation with, and involvement of the people affected by the changes. Problems arise when change is forced on people. Change therefore must be realistic achievable and measurable. Management must prepare and anticipate the likely reactions of employees and determine how to deal with them. The different perceptions to change come because of the difference in the background of employees and their perception of the change outcome. Change can be studied in terms of its effects at the individual, group, and organization, and society, national or international level. We all have our own 'world', our own way of looking at and understanding our environment and the people within it.

In the past, employees' feelings and contribution to the organization was not viewed as very important. However, in the early 1930's,the Human Relations Approach theory was advanced as a result of the experiments that were done by Elton Mayo which came to be known as the Hawthorne experiments. These experiments helped managers to see the importance of the employees and the necessity of putting their feelings into consideration. The experiments showed that when workers felt that they were getting attention from management, their productivity increased. This helps us to understand the importance of employees to an organization and the approach an organization should adopt with them even when affecting any kind of changes.

2.2 Rationale for Strategic Change Management

Change management is a set of processes that is employed to ensure that significant changes are implemented in an orderly, controlled and systematic fashion to effect organizational change. One of the goals of change management is with regards to the human aspects of overcoming resistance to change in order for organizational members to buy into change and achieve the organization's goal of an orderly and effective transformation. The introduction of change brings in a lot of resistance and conflict with the employees. This is because any change in 'status quo' brings in apprehension as no one knows what the outcome maybe. One of the goals of change management is with regards to the human aspects of overcoming resistance to change in order for organizational members to buy into change and achieve the organization's goal of an orderly and effective transformation. The introduction of change brings in a lot of resistance and conflict with the employees. This is because any change in 'status quo' brings in apprehension as no one knows what the outcome maybe.

The change process in any organization normally happens due to the awareness of the need for change. In the recent years especially, the nature of change has increased in degree and pace. In this regard, an organization has first to identify the factors that have created this necessity for change, identify their characteristics and then determine how the changes will be done. The factors that contribute to change range from cost reduction, redundancies, technological, cultural change and performance improvement.

Every management that is strategic, wants to manage a company flexible enough to be able to adjust quickly to changing market conditions, lean enough to be able to beat any competitors price, innovative enough to keep its products and services technologically fresh, and dedicated enough to deliver maximum quality and customer service to the satisfaction of customers in their ever changing needs. Having these qualities requires constant and consistent change. Therefore, sustainably, successful organizations must change continuously, particularly in the face of increasing global competition. Every organization sets goals and objectives, which it pursues. The pursuit of these goals and objectives transforms the organization from one state to the other and thus ensuring change in the organization. Change is achieved when a desired state is socially constructed and consensus emerges on the means and resources to reach the desired end state.

Any system is always confronted by internally opposing forces. The prevailing forces which are presented by the status quo on one hand and the competing forces or ideas seeking to dislodge the other hand. This struggle for power inherently sets the organization in a permanent state of change: such changes can either be radical or incremental, but more often than not, changes tend to be radical and revolutionary. Evolutionary theory asserts that change is not planned, but evolves overtime, being influenced by the environment. This means organizations change over, whether they like it or not, by virtue of their interactions with their external environment. They therefore have to change to survive in the market.

2.3 Resistance to change

Resistance to change is a multifaceted phenomenon which introduces delays, additional costs and instabilities into the process of change. It occurs whenever there is a departure from historical behaviour, culture and power structure. It may take the form of procrastination and delays in triggering the process of change, unforeseen implementation delays and inefficiencies which slow down the change and make it cost more than originally anticipated and efforts within the organization to sabotage the change or to absorb it in the welter of priorities.

There are two types of resistance to change the first being referred to as systemic resistance. This is an organizational resistance caused by among other factors organizational design, organizational culture, resource limitations and inter-organizational agreements. In order to minimize this kind of resistance management should provide dedicated capacity by planning and budgeting for the change. Integration of management development into the change process is important and the duration of the change should be stretched to maximum possible time to assure timely response to environmental challenges. Behavioural resistance is the second type. It involves individuals within the organization i.e. employees, managers in other departments, managers who share common tasks and coalitions and power centres within the organization.

2.4 Concept of culture

Culture is that complex whole which includes knowledge, belief, art, morals, laws, customs and other capabilities or habits acquired by members of a society. It is dynamic in nature and there are several factors at continuous interplay that are likely to produce cultural changes within a given society e.g. new technology, population shifts, resource shortages, wars, changing values, and customs borrowed from other cultures. Culture is overt and covert ways or mechanisms that make a people unique in their adaptation to their environment and its changing conditions. Culture is acquired, shared knowledge impacting individual and group values, beliefs, attitudes, and behaviour patterns. It impacts both present circumstances as well as expectations for the future. Generally, culture is the shared learning that influences people's decisions, communications receptivity and behaviours.

It can also be viewed as a set of socially acquired values that society accepts as a whole and transmits to its members through language and symbols as a result, culture reflects a society's shared meanings and traditions. Culture is widely viewed as the sum total of learned beliefs values and custom that serves to direct the consumer behaviour of a particular society. Culture is "...the whole set of beliefs, attitudes and ways of doing things of a reasonably homogenous set of people". Kotter and Armstrong (2002) define culture as "...the set of basic values, perceptions, wants and behaviours learned by a member of society from family and other important institutions". It is "...the sum total of learned beliefs, values and customs that serve to direct the consumer behaviour of members of a particular society.

Therefore the definitions above simply give guidance as to what culture is but we see that it's not an easy task to define the boundaries of culture itself. Culture will thus influence any organisations management. Firms must take note of cross-cultural influences more so if they intend to venture outside their home markets. Given the broad and persuasive nature of culture, it generally requires a broad examination of the character of the total society, including such factors as language, knowledge, laws, religion, food, customs, music, art, technology, work patterns, products and other artefacts that give society its distinctive flavour. Culture can be said to be society's personality. Increasing management contact and interdependence across cultures are inevitable. Cultural differences are not going away, but becoming more entrances (Hoecklin, 1996). This therefore makes it more critical than ever to try to understand different cultures and their influence on the ways people do business and view the world.

2.5 Culture and Corporate Culture

Culture dictates what groups of people pay attention to. It guides how the world is perceived, how the self is experienced and how life itself is organized. Individuals of a group share patterns that enable them to see the same things in the same way and this holds them together. There's no cultural absolute. People in different cultures perceive the world differently and have different ways of doing things, and therefore it is not a set standard for considering one group as intrinsically superior or inferior to any other. Each national cultural is relative to other cultures ways of perceiving the world and doing things.

Culture is derived from ones social environment, not from genetic make-up. Therefore culture is learned and not something that one is born with. Also culture is a collective phenomenon that is about shared values and meanings. Culture is therefore found among groups of people and not one individual. (Hofstede, 1990). It is very important to understand that culture is not right or wrong. It is not inherited and neither is it about individual behaviour. There are wide variations in individual values and behaviour within each national culture. Culture is a liability when the shared values are not in agreement with those that will further the organizations effectiveness, this is most likely to occur when an organizations environment is dynamic. When an environment is undergoing rapid change, an organizations entrenched culture may no longer be appropriate.

Culture plays a boundary defining role. It creates distinctions between one organization and others, conveys a sense of identity for organization members, and facilitates the generation of commitment to something larger than ones individual self interest. It enhances the stability of the social system. It is the social glue that helps hold the organization together by providing appropriate standards for what employees should say and do. It serves a sense-making and control mechanism that guides and shapes the attitudes and behaviour of employees. Culture enhances organizational commitment and increase the consistency of employee behaviour. For an employee, culture is valuable because it reduces ambiguity. It tells employees how things are done and what's important.

Culture can also be potentially dysfunctional. especially a strong one. on an organizations effectiveness. For example it can form a barrier to change. Culture is liability when the shared values are not in agreement with those that will further the organizations effectiveness. This is most likely to occur when an organizations environment is dynamic. When an environment is undergoing rapid change. an organizations entrenched culture may no longer be appropriate. So consistency of behaviour is an asset to an organization when it faces a stable environment. It may, however. burden the organization and make it difficult to respond to changes in the environment.

It may also be a barrier to diversity. Hiring new employees who, because of race, age, gender. disability. or other differences. are not like the majority of the organizations members creates a paradox. Strong cultures put considerable pressure on employees to conform. They limit the range of values and styles that are acceptable. Organizations seek out and hire diverse individuals because of the alternative strengths these people bring to the work place. Yet these diverse behaviours and strengths are likely to diminish in strong cultures as people attempt to fit in. Strong cultures therefore can be liabilities when they effectively eliminate the unique strengths that people of difficult backgrounds bring to the organization. Moreover. strong cultures can also be liabilities when they support institutional bias or become insensitive to people who are different.

Culture may also be potentially dysfunctional and thus become a barrier to acquisitions and mergers. Historically. the key factors that management looked at in making acquisition or merger decisions were related to financial advantages or product synergy. In recent years cultural compatibility has become the primary concern. The primary cause of failure is conflicting organizational culture.

It is widely recognized that cultural differences between the partners of a merger are one of the most common reasons for failure in mergers. This may happen during pre-merger negotiations or during post-merger integration. Despite all Due Diligence, the two partners of a merger fail to form a new successful unit that is able to exploit all synergies.

Often, the term 'corporate culture' is used to describe issues like objectives, personal interests, behaviors etc. Many problems in cooperation and teamwork are blamed to culture. However, in a merger, 'culture' is more than making the people from both partners work together smoothly. The development of a new, shared culture is a critical factor for merger success. It is possible to manage this process in a structured way.

Corporate Culture is embedded deeply in the organization and in the behavior of the people there. It is not necessarily equal to the image the company gives itself in brochures and on the website. Therefore, it is difficult to determine an organization's culture from the outside. Especially in pre-merger negotiations – when time and confidentiality are critical factors while trust still needs to be established – it can be a challenging task to find out if the cultures of the potential partners fit together.

Corporate culture is determined by a variety of different factors which include, artifacts, management styles, norms, values, believes and assumptions. The concept of culture is best described by the sentence "the way we do things here". There is no one right culture for an organization. There are only cultures that fit more or less to the particular situation of the organization. In practice, several cultures can exist within one organization. This may more often happen in larger, diversified companies, when some divisions / departments start to develop their own ways to do things. Normally, problems of cultural fit will occur in areas around organizational values, management culture and leadership styles, organizational myths and stories. Organizational taboos, rituals and cultural symbols.

2.5.1Characteristics and Importance of Corporate Culture

Culture is to an organisation what personality is to an individual. Cultures serve as forces that draw organisational members together; creating a sense of cohesion. which when used well can drive growth and success. Organisational or corporate culture refers to the patterns of beliefs. values and learned ways of coping with experience that have developed during the course of an organisation's history and which tend to be manifested in its material acquisition and in the behaviours of its members.

Organisational culture tends to be unique to a particular organisation. composed of an objective and subjective dimension. concerned with tradition and the nature of shared beliefs and expectations about organisational life. There is also another dimension. which characterises culture from a perspective of artefacts in an organisation such as office locations. physical setting and office décor. Schein (1985) refers to culture as "shared learning". Hofstede (1990) also notes agreement among researchers that organisational culture is holistic. soft, is difficult to change, has a historical basis and is socially constructed. An organisation's culture is a product of successfully adapting to the environment. He further asserts that a change in the environment might necessitate a change in the culture, and goes so far as suggesting that these changes, which include new learning. can also involve the need for new people.

Cultures can change and evolve. But those bedrock tenets that form the foundation of an organisation are much tougher to budge. If merging organisations have similar core values. they may. with effort. be blended. But no amount of wheeling and dealing can bring them together if they are too far apart. Within the organization set up, organizational culture consists of shared beliefs, values and assumptions that exists within the organization and which in turn influence the patterns of behaviour that emerges as a result of these norms.

Culture evolves over time as its base evolves from shared beliefs. values and assumptions. Shared beliefs. values and assumptions do not mean that people think alike, but rather that there is a uniform exposure to these norms, leading to a common understanding. Culture has a strong impact on business performance and employee satisfaction. as a good culture can support innovation. risk and customers focus. From these points. it can be concluded that organizational culture is influenced largely by management and leadership styles where processes of decision-making influence employees' level of empowerment and hence influence interaction towards a specific way of doing things. Company policies guide management and all employees on how the company manages its employees. ranging from sourcing and selection policies to rewards. development and promotions. How the company adheres to such policies also determines the organizational culture.

Boundaries of acceptable thought and behaviour set by the company through how guidelines on how people should relate. dress code and address. Successful pre-merger performance supported by a strong organisational culture does not guarantee that the culture can easily be transferred to another organisation. To inspire people to let go their prevailing attitudes and accustomed norms and accept new ones congruent with the desired post merger. leaders and managers must demonstrate an understanding of what it is like to be an employee during the combination process. Key considerations. which must be made to address cultural issues. include demonstrating clarity and transparency. First. the organization must set direction for the new business. The management vision should be clearly defined and articulated so as to give direction to all employees. Business goals. mission. values. policies and processes of the new company should be shared with everyone so as to create a shared understanding for all to pull in one direction.

Secondly it must ensure that structures are designed from work demands and that there is no bureaucracy to slow down services. Some positions are likely to be rendered redundant due to duplication of roles on merger, clear communication on news structures and process to be used to ensure the right people fill such positions and such must be communicated early enough. and the process must be seen to be objective. In order to retain key talent. new roles and skill gaps must be identified in good time.

Ensure clearly defined roles and decision making process while maximising involvement. A fast transition can channel energy and minimise the period of stress, which damages employee productivity. Clear decision-making process must be established, founded on solid information and analysis to avoid bottlenecks at senior and middle level. Involving employees in consultation processes and development of ides creates more ownership at operational level.

An organizations leadership must endeavour to understand the cultural, emotional and political issues. Empathy for pain of dealing with stress not only demonstrates respect for people and their situation but also indicates that the leadership knows what people have been and are going through. Understanding day to day experiences means knowing what people worry about, what excites them, what frustrates them, and what they are thinking, feeling and need as the any changes goes on. This in return generates employee respect for an informed and sensitive leadership.

Finally, communication plays a critical role to success of organizations. Providing clear, consistent, factual, sympathetic and up to date information in several ways will increase the coping abilities of employees as well as their involvement. The communication plan must share the for example the vision, mission, goals and values for the new company, nature and progress of any change process and their anticipated benefits, new structures, performance measurement processes and reward for good performance to enable employees share in the profits of the new company est.

Managers need to become problem solvers for their employees who may no longer envision or perceive their situation clearly. Employees need to feel that their contributions are important to the organization. Without these feelings of importance, they will only turn inwards, the risk of resistance and sabotage will increase. This is where culture plays a critical role and hence contributes greatly to success of organizations. Corporate culture, though often resistant to change, can indeed be changed with proper communication and management. Objective information sharing can significantly reduce employees stress and increase their effectiveness at work.

2.5.2How Corporate Culture Develops and its Components

The values and norms that are the basis of culture are formed in four ways. First, culture is formed by the leaders in the organization, especially those who have shaped it in the past. As Schein (1990) indicates, people identify with visionary leaders-how they behave and what they expect. They note what such leaders pay attention to and treat them as role models. Second, as Schein also points out, culture is formed around critical incidents-important events from which lessons are learnt about desirable or undesirable behaviour. Third, as suggested by Furnham and Gunter (1993), culture develops from the need to maintain effective working relationships among organization members, and this establishes values and expectations. Finally, culture is influenced by the organizations environment. The external environment may be relatively dynamic or unchanging.

Corporate culture can be described in terms of values, norms and artefacts. Values are beliefs in what is best or good for the organization and what should or ought to happen. The 'Value Set' of an organization may only be recognized at top level, or it may be shared throughout the business, in which case it could be described as value driven. The stronger the value the more they will influence behaviour. This does not depend upon their having been articulated. Implicit values that are deeply embedded in the culture of an organization and are reinforced by the behaviour of management can be highly influential, while espoused values that are idealistic and are not reflected in managerial behaviour may have little or no effect.

Some of the most typical areas in which values can be expressed, implicitly or explicitly, are: performance, competence, competitiveness, innovation, quality, customer service, teamwork, care and consideration for people among others. Values are translated into reality through norms and artefacts. They may also be expressed through the media of language, organizational jargon, rituals, stories and myths.

Norms are the unwritten rules of behaviour, the 'rules of the game' that provide informal guidelines on how to behave. Norms tell people what they are supposed to be doing, saying, believing, and even wearing. They are never expressed in writing- if they were, they would be policies and procedures. They are passed on by word of mouth or behaviour and can be enforced by the reactions of people if they are violated. Norms refer to such aspects of behaviour as: how managers treat members of their teams, management style, the prevailing work ethics, how much importance is attached to status symbols, ambitions, performance, power, politics, loyalty, flexibility, managers expected to be approachable and visible, formality and rigidity among others.

Artefacts are the visible and tangible aspects of an organization that people hear, see or feel. Artefacts can include such things as the working environment, the tone and language used in letters or memoranda, the manner in which people address each other at meetings or over the telephone, the welcome or lack of welcome given to visitors and the way in which telephonists deal with outside calls.

2.6 Corporate Culture and Management of Strategic Change

A company's culture can be a major strength when it is consistent with the strategy and thus can be a powerful driving force in implementation. However, a culture can also prevent a company from meeting competitive threats or adapting to changing economic and social environments that a new strategy is designed to overcome. According to Johnson and Scholes (2002), social processes can also create rigidities if an organization needs to change their strategy.

Managing the strategy-culture relationship therefore requires sensitivity to the interaction between changes necessary to implement strategy and compatibility or fit between those change and the organizational culture, (Pearce and Robinson, 2003). Pearce and Robinson, (2003) argue that, while structure provides overall framework for strategy implementation, it is not in itself sufficient to ensure successful execution. Within the organizational structure, individuals, groups and units are the mechanisms of organizational action, and the effectiveness of their actions is a major determinant of successful implementation. In this context, two basic factors encourage or discourage effective action-leadership and culture. Two leadership issues of fundamental importance here are the role of the Chief Executive Officer (CEO) and the assignment of key managers.

The CEO is the catalyst in strategic management. He or she is most closely identified with and ultimately accountable for a strategy's success. In most firms, CEOs spend 80%of their time in developing and guiding strategy. The nature of the CEO's role is both symbolic and substantive in strategy implementation. First, the CEO is a symbol of the new strategy. His or her actions and perceived level of commitment to a chosen strategy, particularly if the strategy represents a major change, exerts significant influence on the on intensity of subordinate managers' commitment to the implementation process, (Pearce and Robinson, 2003).

Secondly, the firm's mission, strategy and key long term objectives are strongly influenced by the personal goals and values of its CEOs. The CEO represents an important source for clarification, guidance and adjustment during implementation. The writers argue that, successful strategy implementation is directly linked to the unique characteristics, orientation and actions of the CEO, (Pearce and Robinson, 2003)

According to Pearce and Robinson (2003), a key concern of top management in implementing strategy, particularly if it involves a major change, is that the right managers are in the right positions for the new strategy. Confidence in the individuals occupying pivotal managerial positions is directly and positively collated with the top management's expectation that the strategy can be successfully executed. Some of the characteristics to look out for include ability and education, previous track record and experience, personality and temperament. These, combined with gut feeling and top managers' confidence in the individual, provide basis for this key decision. One practical consideration in making key managerial assignments when implementing strategy is whether to emphasize current (or promotable) executives, or bring in new personnel. This is obviously difficult, sensitive and a strategic issue.

According Johnson and Scholes (2002), within any organizational structure, what makes organizations work are the formal and informal organizational processes. These processes can be thought of as controls on the organizational operations and can therefore help or hinder the translation of strategy into action. Processes range from formal controls (systems, rules and procedures) through social controls (culture and routines) to self controls (personal motivation of individuals). According to Pearce and Robinson (2003), the structure is not the only means of getting things organized to implement a strategy. Reward systems. planning procedures. information and budgetary systems are other examples that should be employed.

Johnson and Scholes. (2002) stated that resource management and development must support an organization's strategies. Tools and workflows can be complex to implement. especially for large enterprises. While some companies report great success. initiatives have also been known to fail mainly owing to poor planning. a mismatch between software tools and company needs. roadblocks to collaboration between departments, and a lack of workforce buy-in and adoption.For organizations to effectively implement changes in their management. new systems are required to incorporate new management issues within the company. The main challenge is thus not the acquisition of such systems but the compatibility of the new systems and the previous ones. Compatibility and respectively incompatibility will affect adoption implementation of the change management differently.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The research design used in this study was a cross sectional census survey. This is because a broad range of information regarding the variables corporate culture and its effects on change management was collected from the various commercial banks in Kenya. Surveys are flexible in the sense that a wider range of information can be collected.

A survey provides the kind and nature of information that is useful for comparison and generalization across banks with different demographics. Mugenda and Mugenda (1999) observed that survey is good for making comparisons and is also useful in describing the characteristics of a large population.

3.2 Population of Study

The research population in this study consisted of all commercial banks licensed by the Central Bank of Kenya to carry out business in Kenya, but not those under statutory management. This is because banks under statutory management do not carry out their operations normally.

The banks that fit this category are 44 commercial banks, according to the list provided by Central Bank of Kenya as at June 30, 2009 (CBK Report, 2009). See Appendix I. All the Banks were studied as a census.

3.3 Data Collection

This study utilized primary data. This Primary data was collected by way of a questionnaire containing both closed and open ended questions, see appendix III attached. The questionnaire was divided into four parts i.e. Part A, B, C and D. Part A looked into the demographic information; part B at practices of management of strategic change, part C at corporate cultural practices and part D at the effectiveness of managing change with regard to corporate cultural influences.

The use of a standardised questionnaire allowed for comparison of results among the respondents. The target respondents were bank officials working in the departments of operations, planning and development and human resources. Drop and pick method was used to administer the questionnaire. This is because the method was more reliable.

3.4 Data Analysis

On receiving the questionnaires from the respondents, the data was checked to ensure completeness, consistency, accuracy, and uniformity. The data was then coded and tabulated to facilitate data analysis. Descriptive statistic such as mean scores, standard deviation, percentages, and cumulative frequency was used to transform obtained data from the banks into standard form for relative comparison.

CHAPTER FOUR: DATA ANALYSIS, INTERPRETATIONS, AND DISCUSSIONS

4.1 Introduction

This chapter offers a detailed report on the analysis of the primary data collected from the questionnaires. presentation. interpretation and discussions of the findings. The reporting in this chapter are in relation to three research objectives. These research objectives are: To determine the practices Commercial Banks in Kenya have adopted in the management of strategic change. the corporate culture of these Commercial Banks and finally to establish the influence of corporate culture on management of strategic change in commercial banks in Kenya. The Chapter is divided into four sections: Section 4.2 relates to demographic information. Section 4.3 strategic change practices. section 4.4 gives corporate culture and section 4.5 gives corporate culture in managing change.

4.2 Demographic Information

The table below shows the positions held by the various respondents.

4.2.1 Position of respondents

Table 4.2.1: Position of Respondents

Position held	Frequency	Percent
Operations officer	4	9.1
Officer	3	6.8
Teller	1	2.3
Business Development	2	4.5
Managerial	6	13.6
Personal and Business Banking	2	4.5
Head of IT and Change	2	4.5
Compliance Officer	4	9.1
Corporate Service Officer	2	4.5
Training Advisor	4	9.1
System Analyst	2	4.5
Project Manager	2	4.5
Relational Officer	4	9.1
Customer Advisor	4	9.1
Change Manager	2	4.5
Total	44	100

Source: Research data

As earlier noted the target respondents comprised exclusively of bank officers in the departments of operations, planning and development and Human resources across the banks. These individuals are more or less change overseers, administrators and catalysts in the various sections of the organizations once the corporate strategies are developed. They initiate the execution of strategy and thus strategic change. The table above presents a summary of the positions held by the respondents further shedding light on their critical role in change management.

4.2.2 Duration Respondent has been in Employment in the Banks

The table below shows the period of working or length of employment of the various respondents in the specific banks.

Table 4.2.2: Duration Respondent has been in Employment

Years	Frequency	Percent
1-5 years	35	79.54
11-15 years	4	9.09
16-20 years	2	4.54
> 20 years	3	6.81
Total	44	100

Source: Research data

4.2.3 Duration the Bank has been in Business in Kenya

Length of time the bank has been in business in Kenya

Table 4.2.3: Duration the bank has been in business

Years	Frequency	Percent
< 9 years	2	4.54
10-19 years	5	11.36
20-29 years	5	11.36
> 30 years	32	72.72
Total	44	100

Source: Research data

Looking at the background and descriptive characteristics of culture, the aspect of time or extensive periods are synonymous with culture. It is simply the collectively accepted and practiced way of doing things over the years. Table 4.2.2 and table 4.2.3 represent a summary of these periods of time. First, the number of years the respondents have been engaged in their organization is an important part of this study as it enhances the credibility of the responses. Nearly 20% of the respondents have been with the same organization for a period spanning 10 to over 20 years. The 80% respondents in the 1-5 years category further reveal the volatility and possibly the frequency of change in the banking industry.

Secondly, over 72% of the respondents' banks have been operational for more than 30 years and a cumulative 22% for 10 – 30 years. The propensity to develop and nurture cultures in organizations significantly increases with longer operational periods - an important ingredient in the formation of an organizational culture. Furthermore, these organizations have certainly overseen strategic changes in response to the forces of business over the last few decades. This has formed a good ground for the research topic and objectives.

4.2.4 Ownership of the Bank

The table below shows the ownership of the banks in the study.

Table 4.2.4: Ownership of the Bank

Ownership	Frequency	Percent
Foreign	22	50
Local	20	45.45
Both foreign and local	2	4.54
Total	44	100

Source: Research data

Half the banks under survey are foreign-owned while 45% and only 2% are owned locally and both foreign and locally respectively. Hypothetically, if the foreign influence was a factor in determining organization culture, then the data collected would be balanced as shown (*Table 4.2.4*) from the 50-50 distribution of the respondents' banks in terms of the ownership. For instance, the transfer or the spread of acceptable or unacceptable organization cultures across home and other international branches.

4.2.5 The Unit of Specialization by the Banks

The table below indicates the units in which the banks are involved in

Table 4.2.5: The Unit of Specialization

Unit	Frequency	Percent
Corporate	1	2.27
Retail	2	4.54
Both corporate and retail	41	93.18
Total	44	100

Source: Research data

Table 4.2.5 is indicative of the banks' dogged determination to compete in all the possible fronts. We can see that 93% of them are involved in both corporate and retail units. This depicts the volatile market environment which evokes strategic change in an ever increasing prevalence.

This means that the banks are exposed. and to an exacerbated extent. more market forces like legislation. declining margins on a larger scale. customer pressure. technological advances, and competition amongst others. Therefore, this is a perfect opportunity to observe how the cultures impact change management.

4.2.6 The Number of branches operated by the Banks

Table 4.2.6: Number of branches operated

Branches	Frequency	Percent
< 10	1	2.27
10-19	17	38.63
20-29	3	6.81
30-39	1	2.27
> 40	22	50.00
Total	44	100

Source: Research data

The data in the table 4.2.6 represents the distribution of the branches across the country. Half the banks under the survey have more than 40 branches sprawling across the country and just over 38% with 10-19 branches. The remaining banks (4%) have 20-39 branches and only a single bank with less than 10 branches.

The aspect of community, geographical or any other demographic aspect of culture is effectively minified if not eliminated here by the distribution of the branches across the country. For instance, one cannot strongly claim that certain aspects of culture or change are synonymous with a particular group or sample of the entire group under study. The employees are distributed evenly across the branches and hence the data collected is independent of any such possible influences.

4.3 Strategic Change Practices

The table below shows the mean and standard deviation for the various practices used in the management of strategic change.

Table 4.3.1 Change Practices (mean and Standard deviations)

Change Practices	Mean	Std. Deviation
Analyzing the organization and its need for change	4.08	0.846
Communication of the vision for change	4.05	1.021
Using participatory approach to organisational strategy development	3.85	0.824
Creating a structure to promote internal strength	4.06	1.064
Identification of specialist skills that is necessary to manage the different types of change	3.16	1.166
Adopting a learning approach to strategy development	3.91	1.109
Establishing and creating a sense of urgency for change	3.01	0.902
Willingness to separate from the past and not bound to maintaining the status quo	3.45	1.244
Cultural diagnosis to asses organizational readiness for any intended changes	*3.27*	*0.997*

Source: Research data

Table 4.3.1 is a summary of the predictive analysis of key practices in the management of change. The respondents rate the extent to which their organizations have adopted the above 9 practices in the management of change on a scale of 1-5, where 1 represents not at all and 5 represents to a very great extent. This establishes the common practices that commercial banks have adopted in management of strategic change.

To consolidate and give presentation of the data, the study utilized the statistical functions of mean and standard deviation. The mean represents the average rating of all the respondents to the particular practice while the corresponding standard deviation shows the spread of the ratings (how far or the range within which the individual ratings are from the mean rating).

For instance, the respondents mean rating for the last practice (Cultural diagnosis to assess organizational readiness for any intended changes) is 3.27. The standard deviation is 0.997.This means that ALL the respondents' ratings are within 0.997 of the mean rating which is 3.27. This shows that majority of the respondent gave a rating of 3.27 and/or nearer rating (+ or - 0.997).

The table below (*Table 4.3.2*) is an analysis or comparison of the great extents to which the banks have adopted the above in the management of strategic change. The study used percentile values to give a broad picture of the respondents' ratings above.

The table below highlights the great extents to which the banks have adopted the various practices in the management of strategic change. It can be observed that most banks have adopted the first two practices.

Table 4.3.2Change practices (percentages)

PRACTICE	EXTENT					
	GREAT		VERY GREAT			
	Frqy	%	Frqy	%	combined frequency	combined %
Analyzing	19	43.2	15	34.1	34	77.3
Communication	14	31.8	16	36.4	30	68.2
Participatory	18	40.9	0	0	18	40.9
create structure	9	20.5	12	27.3	21	47.8
Identification	11	25.0	6	13.6	17	38.6
Adopting	12	27.3	10	22.7	22	50.5
Establish Urgency	6	13.6	9	20.5	15	34.1
Willingness	9	20.5	9	20.5	18	41.5
cultural diagnosis	11	25.0	6	13.6	17	38.6

Source: Research data

It can be observed that most banks have adopted the first two practices to a great extent. That is, 'Analyzing the organization and its need for change' and 'Communication of the vision for change'. These have come out strongly across the banks as the most prevalent and adopted change management practices. Worth noting, from the ratings, the banks tend not to practice to a great extent the practice of 'establishing a sense of urgency '. This could be a significant factor in the failure of the banks in achieving a speedy response to the volatile business environment they operate in.

Change management scholars say any strategic change entails thoughtful planning and sensitive implementation and above all consultation with, and involvement of the people affected by the changes. In the past, employees' feelings and contribution to the organization was not viewed as very important. However, in the early 1930's,the Human Relations Approach theory was advanced as a result of the experiments that were done by Elton Mayo which came to be known as the Hawthorne experiments. These experiments helped managers to see the importance of the employees and the necessity of putting their feelings into consideration. The experiments showed that when workers felt that they were getting attention from management, their productivity increased. This helps us to understand the importance of employees to an organization and the approach an organization should adopt with them even when affecting any kind of changes.

Managing the strategy-culture relationship therefore requires sensitivity to the interaction between changes necessary to implement strategy and compatibility or fit between those change and the organizational culture, (Pearce and Robinson, 2003). Pearce and Robinson, (2003) argue that, while structure provides overall framework for strategy implementation, it is not in itself sufficient to ensure successful execution. Within the organizational structure, individuals, groups and units are the mechanisms of organizational action, and the effectiveness of their actions is a major determinant of successful implementation.

4.4 Corporate Culture

To consolidate and also give presentation of the data for this section, the study utilized the statistical functions of mean and standard deviation. The mean represents the average rating of all the respondents to the particular practice while the corresponding standard deviation shows the spread of the ratings (how far or the range within which the individual ratings are from the mean rating).

Table 4.4.1 Corporate Cultural Practices (mean and standard deviation)

corporate cultural practice	Mean	standard deviation
Teamwork	3.98	0.902
Individualism	2.25	0.918
Flexibility	3.43	0.728
Openness	3.45	0.848
concern for quality	4.05	0.888
concern for ethics	3.75	0.967
concern for competency	3.89	0.784
regard for talent	3.34	1.077
hard work	3.61	0.945
Commitment	3.59	0.948
acceptance of workforce diversity	3.63	1.029
empowering through delegation	3.52	0.821
Creativity	3.48	0.876
Innovation	3.70	0.851
concern for learning	3.80	0.765
concern for feedback	3.77	0.803
result oriented	3.98	0.731
unique rituals	3.11	0.895
employer pride	3.64	0.942
adheres to dress code	3.77	1.031

Source: research data

The table above shows the corporate cultural practices and their means and standard deviation.

Table 4.4.2 (Corporate cultural practices (percentages)

PRACTICE	EXTENT					
	Great		Very great			
	Frqy	%	Frqy	%	combined frequency	combined %
Teamwork	9	20.5	17	38.6	26	59.1
Individualism	12	4.50	1	2.3	13	6.8
Flexibility	13	29.5	4	9.1	17	38.6
Openness	12	27.3	6	13.6	18	40.9
concern for quality	16	36.4	16	36.4	32	72.8
concern for ethics	13	29.5	12	27.3	25	56.8
concern for competency	17	38.6	11	25.0	28	63.6
regard for talent	5	11.4	10	22.7	15	34.1
hard work	5	11.4	12	27.3	17	38.7
Commitment	1	2.30	13	29.5	14	31.8
acceptance of workforce diversity	12	27.3	12	27.3	24	54.6
empowering through delegation	19	43.2	4	9.1	23	52.3
Creativity	14	31.8	6	13.6	20	45.4
Innovation	18	40.9	8	18.2	26	59.1
concern for learning	20	45.5	8	18.2	28	63.7
concern for feedback	20	45.5	8	18.2	28	63.7
result oriented	21	47.7	11	25.0	32	72.7
unique rituals	14	31.8	2	4.5	16	36.3
employer pride	12	27.3	10	22.7	22	50.0
adheres to dress code	10	22.7	14	31.8	24	54.5

Source: Research data

The tables above highlights extents to which various aspects of corporate cultural practices are observed at the banks. It is notable from the study that the prevalent corporate cultural practice s of the Commercial banks in Kenya are that they are : results oriented (mean of 3.98), teamwork (3.98), concern for competency (3.89), concern for learning (3.80) and concern for feedback (3.77) are the highest ranking aspects. It is also interesting to note that individualism is a culture rated lowest at a mean of 2.25.

Table 4.4.1 not only identifies the aspects of corporate cultural practices but also shows the mean individual ratings including the standard deviations for each of them. As shown, most of the corresponding standard deviations are less than a point of a rating unit thus the averages (mean) can be relied for the purpose of study. Table 4.4.2 shows the extents to which these corporate cultural practices exist in the banks. It is notable that it also gives the same results as Table 4.4.1 ranking corporate cultural practices of results oriented (72.7%), teamwork (59.1%). concern for competency(63.6%), concern for learning(63.7%) and concern for feedback (63.7%) highest and individualism ranked lowest at 6.8% .

From the study of the corporate cultural practices of the Commercial banks in Kenya, it is important to note that a company's culture can be a major strength when it is consistent with the strategy and thus can be a powerful driving force in implementation. However, a culture can also prevent a company from meeting competitive threats or adapting to changing economic and social environments that a new strategy is designed to overcome. According to Johnson and Scholes (2002), social processes can also create rigidities if an organization needs to change their strategy.

The benefits of a good culture and strategic fit is that supportive cultures shape the mood and temperament of the work force positively affecting organizational energy, work habits, and operating practices. It provides standards, values, informal rules and peer pressures that nurture and motivate people to do their jobs in ways that promote good strategy execution. A good strategy- supportive culture also strengthens employee identification with the company, its performance targets, and strategy. In managing change therefore, an organization must eliminate rules and policies that hinder the change and create new ones that reinforce the desired way of operating. Develop goals and measurements that reinforce the desired change, replace old ways of doing things that reinforce old ways with new customs and norms. It is important to deliver communication in new ways that show commitment to change, make sure the physical environment reflects change and that structure reinforce the operating changes.

4.5 Corporate Culture in Managing Change

In this section, the data collected from the questionnaires reflects how effective the corporate cultural practices are to the strategic change management in the banks. Tables 4.5.1 and 4.5.2 represent the effects (the extent) of the established corporate culture practices in the management of strategic change in the banks.

Table 4.5.1Corporate culture in managing change (mean and deviations)

corporate cultural practice	Mean	standard deviation
Teamwork	4.14	0.795
Individualism	1.89	1.083
Flexibility	3.66	0.805
Openness	3.57	0.759
concern for quality	4.14	0.734
concern for ethics	4.00	0.807
concern for competency	3.89	0.970
regard for talent	3.61	0.895
hard work	3.70	1.025
Commitment	3.75	0.943
acceptance of workforce diversity	3.64	1..313
empowering through delegation	3.27	0.694
Creativity	3.41	1.085
Innovation	3.57	1.043
concern for learning	3.82	0.657
concern for feedback	3.59	0.844
result oriented	3.98	0.849
unique rituals	3.57	1.561
employer pride	3.64	0.838
adheres to dress code	3.61	1.083

Source: Research data

Table 4.5.1 shows the average ratings (mean) and the spread of the ratings (standard deviation) around the mean rating, most of the ratings showing a low deviation from the mean rating – less than a unit of rating.

Table 4.5.2 corporate culture in managing change (percentages)

PRACTICE	EXTENT					
	Great		Very great			
	Frqy	%	Frqy	%	combined frequency	combined %
Teamwork	16	36.4	17	38.6	33	75.0
Individualism	0	0	0	0	0	0
Flexibility	14	31.8	8	18.2	22	50.0
Openness	14	31.8	6	13.6	20	45.4
concern for quality	20	45.5	15	34.1	35	79.6
concern for ethics	16	36.4	14	31.8	30	68.2
concern for competency	9	20.5	16	36.4	25	56.9
regard for talent	12	27.3	9	20.5	21	47.8
Hard work	10	22.7	13	29.5	23	52.2
Commitment	9	20.5	13	29.5	22	50.0
acceptance of workforce diversity	16	36.4	12	2.3	28	38.7
empowering through delegation	12	27.3	2	4.5	14	31.8
Creativity	18	40.9	6	13.6	24	54.5
Innovation	17	38.6	8	18.2	25	56.8
concern for learning	24	54.5	6	13.6	30	68.1
concern for feedback	18	40.9	6	13.6	24	54.5
result oriented	13	29.5	15	34.1	28	63.6
unique rituals	10	22.7	4	9.1	14	31.8
employer pride	17	38.6	7	15.9	24	54.5
adheres to dress code	11	25	12	27.3	23	52.3

Source: Research data

Table 4.5.2 represents percentile values of the extents of each of these corporate cultural practices on strategic change management. Notably, cultural practices exercised to the greatest extent include teamwork (75%), innovation (56.8%), concern for quality (79%), ethics (68%), learning (68%) and competency (56.9%).

Corporate Culture has a strong impact on business performance and employee satisfaction, as a good culture can support innovation, risk and customers focus. From these points, it can be concluded that organizational culture is influenced largely by management and leadership styles where processes of decision-making influence employees' level of empowerment and hence influence interaction towards a specific way of doing things. Company policies guide management and all employees on how the company manages its employees, ranging from sourcing and selection policies to rewards, development and promotions. How the company adheres to such policies also determines the organizational culture.

The characteristics of teams as described by Katzenbach and Smith (1993) are that teams are the basic units of performance for most organizations. They meld together the skills, experiences and insights of several people. Teamwork applies to the whole organization as well as specific teams. It represents a set of values that encourage behaviours such as listening and responding co-operatively to points of view expressed by others, giving others the benefit of doubt, providing support to those who need it and recognising the interests and achievements of others. Teams outperform individuals acting alone especially when performance requires multiple skills, judgements and experiences. Teams are flexible and responsive to changing events and demands as is often experienced by Commercial banks in Kenya.

Commercial banks in Kenya can adjust approach to new information and challenges with greater speed, accuracy and effectiveness than can individuals. High –performance teams invest in much time and effort exploring, shaping and agreeing on a purpose that belongs to them, both collectively and individually. They are characterized by a deep sense of commitment to their growth and success. It is evident from the research that Commercial banks in Kenya are also encouraging teamwork and the formation of teams as a strong culture is one in which they work together effectively, share the same values, and make decisions to meet the organisation's primary goals and objectives

A proactive approach to Commercial Banks in Kenya means that they have had to innovate to introduce new processes and procedures which they believe will increase organizational effectiveness. The need for innovation should be established by processes of analysis and diagnosis that identify the business need and the issues to be addressed. Innovation has to be appropriate, beneficial, and practical in the circumstances and can be implemented without too much difficulty in the shape of opposition from those affected by it or the unjustifiable use of resources- financial or the time of those involved. The Banks understand that they must cultivate a creative corporate culture that transcends the ability to capitalise on emerging opportunities, and begin to create and exploit opportunities in the global marketplace.

Argyris (1992) proposed that organizations do not perform the actions that produce learning; it is individual members of the organization who behave in ways that lead to it, although organizations can create conditions which facilitate such learning. The way in which learning takes place is affected by the context of the organization and its culture. The study shows that the culture of the Commercial banks in Kenya encourages and supports learning. The concept of a learning organization may be somewhat nebulous but at least it emphasizes that the organization should aim to develop a culture and processes which encourage learning. A company must cultivate a creative corporate culture that transcends the ability to capitalise on emerging opportunities, and begins to create and exploit opportunities in the global marketplace. Employees are knowledge workers and hence should be given freedom to innovate.

Commercial Banks in Kenya have adopted quality management as evidenced from the research. This means creation and maintenance of high standards of goods and services expected by customers as is expected practice. Concern for quality involves active participation of members of all levels to meet and exceed customer expectation as far as quality is concerned. Quality should therefore be everybody's responsibility in the organization, quality improvement to be a continuous process. The emphasis on improved quality must take place in all phases of the business and not just in the production and operating departments.

Corporate culture plays a critical role to success of organizations. Providing clear, consistent, factual and up to date information in several ways will increase the coping abilities of employees as well as their involvement in any change process. The communication plan must share the vision, mission, goals and values, nature and progress of any change process and their anticipated benefits, new structures, performance measurement processes and reward for good performance to enable employees share in the profits of the company .From the study it can be said that the banks acknowledge the need of employees to feel that their contributions are important to the organization. Without these feelings of importance, they will only turn inwards, the risk of resistance and sabotage will increase. This is where culture plays a critical role and hence contributes greatly to success of organizations. Corporate culture, though often resistant to change, can indeed be changed with proper communication and management. Objective information sharing can significantly reduce employees stress and increase their effectiveness at work.

CHAPTER FIVE: SUMMARRY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The objectives of this study were: to determine the practices Commercial Banks in Kenya have adopted in management of strategic Change. to determine the corporate culture of these commercial banks. and to establish the influence of corporate culture on management of strategic change in these Commercial Banks in Kenya.

5.2 Summary

The first objective was to determine the practices Commercial Banks in Kenya have adopted in management of strategic change. The findings show that most banks have adopted two practices to a great extent. That is. 'Analyzing the organization and its need for change' and 'Communication of the vision for change'. These came out strongly across the banks as the most prevalent and adopted change management practices. Also worth noting was that the banks tend not to practice to a great extent the practice of 'establishing a sense of urgency '. This could be a significant factor in the failure of the banks in achieving a speedy response to the volatile business environment they operate in.

The second objective sought to determine the corporate cultural practices of Commercial Banks in Kenya. It was notable from the study that the prevalent corporate cultural practice s of the Commercial banks in Kenya were that they are results oriented. practice teamwork , have concern for competency. learning and concern for feedback . It was also interesting to note that individualism is a cultural practice rated lowest.

Lastly the third objective was to establish the influence of corporate culture on management of strategic change in Commercial Banks in Kenya. The findings show that cultural practices exercised to the greatest extent include teamwork. innovation. and concern for quality. ethics. learning and competency.

5.3 Conclusion

The strategic change practices that Commercial Banks in Kenya have adopted in management of strategic change are, 'Analyzing the organization and its need for change' and 'Communication of the vision for change'. It was also noted that the banks tend not to practice to a great extent the practice of 'establishing a sense of urgency '. This posed as a possible factor in the failure of the banks in achieving a speedy response to the volatile business environment they operate in.

The corporate cultural practices of Commercial Banks in Kenya that ranked highly or prevalent from the study were that they are results oriented, they practice teamwork, have concern for competency, have concern for learning and concern for feedback. It was also interesting to note that individualism is a cultural practice rated lowest.

It was established that the corporate cultural practices have an influence on management of strategic change as exercised by the Commercial Banks in Kenya. The findings show that cultural practices exercised to a great extent when managing any change process included: teamwork, innovation, and concern for quality, ethics, learning and competency.

5.4 Limitations of study

This study utilized a cross-sectional survey method. As much as surveys are flexible in the sense that a wider range of information can be collected a lot more insight could have been obtained from an in depth census study which would have given a better reflection on the ground as concerns the research study. Due to the nature of information handled by banks some respondents were sceptical about filling the questionnaires and this caused the research to take longer than planned.

5.5 Suggestions for Further Study

A study of the influence of corporate culture on management of change should also be done on other business sectors (non-banking). This would help identify similarities or gain more insight on the influence of corporate culture and change management.

Another suggestion would be for a research to be carried out to find out as to why banks do not practice to a great extent the sense of urgency for change as a management of strategic change practice.

5.6 Recommendations for Policy and Practice

Commercial banks in Kenya must cultivate a creative corporate culture that transcends the ability to capitalise on emerging opportunities, and begins to create and exploit opportunities in the global marketplace. Employees are knowledge workers and hence should be given freedom to innovate and also have a learning environment for them. Motivation and communication between the seniors and the employees through feedback sessions, meetings, is very important as it helps to find out the problems being faced by them.

Commercial banks in Kenya should know that corporate cultural values are the foundation of any company and if the foundation is weak the company can never grow and hence it's very crucial to build strong values. These values should be around innovation and methodology on how they focus and utilise resources, and creates a vision of the organisation. It is important for them to build a performance culture since an effective organisational culture aligns with the business strategy to ensure that the company meets its long-term goal.

It is important for commercial banks in Kenya to acknowledge that culture has a vital and measurable impact on the organisation's ability to deliver on its strategy. That's why they can't ignore it when tackling issues such as risk management, customer relationship management, business process outsourcing, change management, wellness, growth, or leadership. Thus culture is central for a successful operation and to long-term effectiveness of the company.

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APPENDIX I – LIST OF COMMERCIAL BANKS IN KENYA

1. African Corporation Bank
2. Bank of Africa
3. Bank of Baroda
4. Bank of India
5. Barclays Bank of Kenya
6. CFC Stanbic Bank
7. Chase Bank
8. Citibank
9. City Finance Bank
10. Commercial Bank of Africa
11. Consolidated Bank
12. Co-operative Bank of Kenya
13. Credit Bank
14. Development Bank of Kenya
15. Diamond Trust Bank
16. Dubai Bank
17. Ecobank
18. Equatorial Commercial Bank
19. Equity Bank
20. Family Bank
21. Fidelity Commercial Bank
22. Fina Bank
23. First Community Bank
24. Giro Commercial Bank
25. Guardian Commercial Bank
26. Gulf African Bank
27. Habib A.G. Zurich
28. Habib Bank Ltd
29. HFCK
30. I&M Bank
31. Imperial Bank
32. Kenya Commercial Bank
33. K-Rep Bank
34. Middle East Bank
35. National Bank of Kenya
36. NIC Bank
37. Oriental Commercial Bank
38. Paramount Universal Bank
39. Prime Bank
40. Prime Capital & Credit
41. Southern Credit Bank
42. Standard Chartered Bank
43. Trans- National Bank
44. Victoria Commercial B

APPENDIX II: INTRODUCTION LETTER

Date...

University of Nairobi,

School of Business,

P. O. Box. 30197,

Nairobi. Kenya.

Dear Sir/Madam.

<u>RE: REQUEST FOR RESEARCH DATA</u>

I am a postgraduate student undertaking Master of Business Administration (MBA) degree at the University of Nairobi. I am currently carrying out research on the influence of corporate culture on management of strategic change in commercial banks in Kenya.

Your bank is among those selected for the study. I kindly request you to fill the attached questionnaire to the best of your knowledge. Your response and or contribution will be treated with utmost confidentiality, and the information provided will be used purely for academic purposes, and specifically for this study.

Your assistance and cooperation is highly appreciated.

Yours faithfully,

Dena Atieno Okeyo
MBA student, UON
Mobile: 0734-714521

Dr. Martin Ogutu
Supervisor
School of Business

APPENDIX III: QUESTIONNAIRE

The questionnaire below has been set in relation to the objectives of this study. All the questions are in relation to strategic change management and corporate culture. Please answer all the questions.

PART A: DEMOGRAPHIC INFORMATION

1. Name of the Bank……………………………………………………………………………………
2. Position of respondent in the Bank………………………………………………………………
3. For how long have you been with the company?

   1 - 5 years ( )

   6 - 10 years ( )

   11 – 15 years ( )

   16 – 20 years ( )

   Over 20 years ( )

4. For how long has your bank been in business in Kenya?

   (a) Less than 9 years [ ]

   (b) 10 – 19 years [ ]

   (c) 20 – 29 years [ ]

   (d) Over 30 years [ ]

5. Who owns your Bank?

   - Foreign Ownership [ ]
   - Locally Owned [ ]

   If not by either of the above please state who……………………………………………

6. What unit does your bank specialize in?

(a) Corporate [ ] (b) Retail [ ] (c) Both a and b [ ]

7. How many branches does your bank have?

(a) Less than 10 [ ]

(b) 10 – 19 [ ]

(c) 20 – 29 [ ]

(d) 30 – 39 [ ]

(e) Above 40 [ ]

PART B: MANAGEMENT OF STRATEGIC CHANGE

8. To what extent has your bank adopted these practices in the management of strategic change?

Key

5= To a Very Great Extent 4 = To a Great Extent

3 = Moderate Extent 2 = Little Extent

1 = Not at All

Statement	1	2	3	4	5
Analyzing the organization and its need for change					
Communication of the vision for change					
Using participatory approach to organizational strategy development					
Creating a structure that promotes internal exchange					
Identification of specialist skills that is necessary to manage the different types of change					
Adopting a learning approach to strategy development					
Establishing and creating a sense of urgency for change					
Willingness to separate from the past and not bound to maintaining the status quo					
Cultural diagnosis to assess organizational readiness for any intended changes					

PART C: CORPORATE CULTURE

9. To what extent is each of these an aspect of corporate cultural practice in your Bank?

Use a 5 point ratings scale where:

5= To a Very Great Extent 4 = To a Great Extent

3 = Moderate Extent 2 = Little Extent

1 = Not at All

Statement	1	2	3	4	5
Teamwork					
Individualism					
Flexibility					
Openness					
Concern for quality					
Concern for Ethics					
Concern for competency					
Regard for talent					
Hard work					
Commitment					
Acceptance of workforce diversity					
Empowering through delegation					
Encourages creativity					
Encourages innovation					
Concern for learning					
Concern for feedback					
Result oriented					
Has unique rituals					

Pride for employer					
Adheres to a dress code					

PART D: EFFECTIVENESS IN MANAGING CHANGE

This section seeks to establish the extent to which corporate cultural aspects influence management of strategic change in your bank.

10. To what extent therefore do you make use of each of the following aspects of corporate culture to help in managing strategic change in the bank?

Use a 6 point rating scale where:

5= To a Very Great Extent 4 = To a Great Extent

3 = Moderate Extent 2 = Little Extent

1 = Not at All

If an aspect is not part of your banks corporate culture then tick

0 = Not our corporate culture.

Statement	**0**	**1**	**2**	**3**	**4**	**5**
Teamwork						
Individualism						
Flexibility						
Openness						
Concern for quality						