STRATEGIC MANAGEMENT PRACTICES AND ORGANIZATIONAL CULTURE AT THE FAMILY BANK LIMITED KENYA

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

NOVEMBER, 2015

DECLARATION

I hereby declare that this project is my original work and has never been submitted to any other University.

Signed……………………….. Date……………………..

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D61/70901/2014

Supervisors Declaration

The project has been submitted for examination with my approval as the University supervisor

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DEDICATION

I dedicate this entire project to my Mum, brother, sister and my colleagues for their support who have always encouraged me to strive to achieve the best during my entire period of study and Research.

ACKNOWLEDGEMENT

I am grateful to the almighty God for giving me good health for the period of this project. I wish to acknowledge my supervisors Prof. Zack Awino for his overwhelming support. To my classmates, May God bless you all.

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ABBREVIATIONS AND ACRONYMS

SM	**:**	Strategic Management
BI	**:**	Banking Industry
FBL	**:**	Family Bank Limited
KEBS	**:**	Kenya Bureau of Statistics
CBK	**:**	Central Bank of Kenya
NGOs	**:**	Non-Governmental Organizations
BBK	**:**	Barclays Bank of Kenya

ABSTRACT

In the recent years Family bank limited (FBL) has to becoming the one of the fastest growing bank through its performance in the banking industry in Kenya surpassing other banks in the industry that had consistent performance over those years. It was expected therefore that FBL employed certain strategic management and cultural practices to enable them sustain their business operations. As one of the fastest growing bank in the banking industry in Kenya in terms of assets base, the study sought to determine the strategic management practices and organizational culture at family bank limited Kenya. To achieve this objective, the study intended to use interview guides. The target interviewees were senior management at FBL who were directly involved in culture and management strategy. In relation to the strategic management and cultural practices adopted by FBL, the study revealed that the senior management, which includes the Head of Retail, Head of Finance, Head of strategy and new business and four branch managers in FBL has varied strategic management and cultural practices adopted in their organization and they dedicate a lot of time, man power, technology and resources during the entire strategic and cultural management process. The study also revealed that the senior management implements the strategic management practices while following the six steps of the strategic management process which are formulation of the company's mission and vision, situation analysis, determination of the strategic objectives, strategic analysis and choice, implementation of the strategy and finally cultural strategic evaluation and control. In relation to the strategic management challenges faced by FBL, the study revealed that they included challenges in organizational structure and challenges when monitoring the implementation of strategic management practices, implementation of the strategic management practices, financial constraints, negative effects on operational responsibilities and other resource based constraints other than financial constraints. The implication on the policy**,** Motivational challenges especially when projects are not successful were also faced by the bank. Culture is seen as flexible to be in favor of majority for growth and enhance the service delivery of the bank as many take it as position to learn better skills though many have been seen not to adjust to the changes since most of them have had bad experience in many instance at the FBL Motivational challenges especially when projects are not successful were also faced by the bank.

CHAPTER ONE

INTRODUCTION

1.1 Background

Strategy is defined as the determination of the basic long-term goals of an enterprise, and the implementation of different courses of action and the allocation of resources necessary for carrying out these goals. Strategic management entails the formulation and implementation of the key goals, objectives and initiatives taken by the company's top management on behalf of the owners. Culture is simply a collection of shared norms or values within a workplace, or what is generally referred to as a company's way of doing things (Pearce & Robinson, 2007). Fun, family-friendly, positive, negative, upbeat, demoralizing and stressful are some common adjectives used in describing work cultures. The top management has to put into consideration the available resources, and in addition, carry out an assessment of the internal and external environments in which the organization competes.

Strategies and culture are important to companies because they guide top management to set direction, focus effort, define or clarify the organization, and provide consistency or guidance in response to the environment. While each private sector organization needs to consider the best way to approach change based on their particular cultural and stakeholder perspectives, factors common to successful change management involve: Planning, defined governance, committed leadership, informed stakeholders and an aligned workforce.

The extent to which each of these five factors is exhibited in successful change projects will vary depending on the nature of the change involved (Heathfield, 2009).This study will be based on two theories, which are The Dynamic Capabilities Theory and The Resource Based Theory. In The Dynamic Capabilities Theory, a capability is a set of learned processes and activities that enable a company to produce a particular outcome. Ordinary capabilities are like best practices. They typically start in one or two companies and spread to the entire industry (Pearce & Robinson, 2007). Dynamic capabilities, unlike ordinary capabilities, are distinctive, that is, unique to each company and rooted in the company's history.

Resources Based Theory is based on the idea that the effective and efficient application of all useful resources that the company can gather helps determines its competitive advantage. These theories are relevant to this study because they describe the process through which the pursuit of a strategy not only utilizes a firm's resources, but also augments them through the creation of skills and knowledge that are the products of experience. Family has over the year's attained competitive advantage from its consistent high performance routines operating inside the firm, embedded in the firm's processes, and conditioned by its history (Family, 2003).

Experience from other developing economies has shown the detrimental effect of government ownership and the positive impact that foreign bank ownership can have on the development of a market-based financial system. Analyzing and decomposing the high interest rate spreads and margins in Kenya helps identify structural impediments that drive the high cost of and low access to financial services.

The limited information sharing on debtors, deficiencies in the legal and judicial system, the limited number of strong and reputable banks and non-transparency and uncertainty in the banking market are major impediments to the development of Kenya's financial system, to reducing spreads and to widening access (World Bank, 2004)

The Banking Industry in Kenya has contributed greatly to the rapid growth of the Kenyan economy. It comprises of around forty two banks actively operating in the country. Among all these, Family is ranked as the number one local bank with operations in all the administrative centers. This has not always been the case, as between the years 1963 to 2010, Family performed poorly in many areas. This prompted the directors to make strategic changes that saw the bank improve and be recognized as one of the best banks in the country today. For private organizations, survival usually means having a competitive edge over competitors thereby ensuring superior profits.

Family bank like any other organization operate in both internal and external environment with political, economic, socio-cultural, technological, legal and demographic factors which often times are turbulence. Due to the turbulence in the environment and the fact that change is a constant in organizational life, fundamental principles in family bank must adjust to exploit the opportunities and avoid threats in the environment hence the achievements of the objectives and the goals set (Heathfield, 2009).

1.1.1 Concept of Strategic Management

There are some benefits and pitfalls of strategic management. Strategic management allows an organization to be more proactive than reactive in shaping their future. It influence activities and exert control over its own destiny. Strategists of low performing organizations are often preoccupied with solving internal problems and meeting paperwork deadlines. They underestimate the competitors' strengths and overestimate their organizations strengths.

The worst thing strategist do is developing strategic plans themselves and then present them to the operating managers to execute. The financial benefits could be a rise in sales, improvement in profitability, and improvement in productivity. The research studies indicate that the process rather than the decision or document is more important contribution of strategic management. Opportunity that process provides to empower individual is a great benefit of strategic management. The financial benefit indicates organizations using strategic management concepts are more profitable and successful than those that do not (David, 1986). The non-benefits of strategic management are known as pitfalls. Strategic planning is an involved, intricate and complex process that takes an organization into uncharted territory. Jumping from missions' formulation to strategy development without sufficient time to determine the critical success is a pitfall and Management rejecting the formal planning mechanism and making intuitive decisions that may conflict with the formal plan.

Top management believing that it can create a plan by delegating the planning function to a planner, the planner may facilitate the planning process, management take ownership. And also the failure to involve key employees in all phases of planning process and development is a pitfall. Some reason why strategic plans fail especially when management has failed to understand the customer, when management has the inability to predict environment reactions and the over estimation of resources competence, can the staff, equipment and procession handle the new strategy.

Many theories of strategic management tend to undergo only brief periods of popularity. When an organization assumes success, they often fail to reward success. When the failure occurs then the firm may be punished (David, 1989). What is the significance of the external audit assessment process? First of all an audit is a systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between the assertions and established criteria and communicating the results to the organization (David,1989).

External analysis is the phase of the promotional planning process that focuses on factors such as the characteristics of an organizations customers market segments, positioning strategies, competitors and marketing environment. External opportunities and external threats refer to economic, social, cultural, demographic, are changing and creating a different type of consumer. This situation consequently changes to a need for a different type of product. Many organizations may face the severe external threat of online sales capturing increasing market share in their industry.

Some organizations conduct external audits to develop a finite list of opportunities that can benefit the organization. By identifying key variables an organization could offer actionable responses. The increasing complexity of businesses today is evidenced by more countries developing the capacity to compete aggressively in world markets. Before an organization can perform an external audit it must gather economic, social, cultural, political, governmental legal trends. Once the information is gathered it should be assimilated and evaluated. The list of factors should be listed on flip charts. The managers must rank the factors identified for the most important opportunity or threat to the least opportunity or threat (Steiner, 1979).

1.1.2 Strategic Management Practices

Strategic Management can be defined as "the identification of the purpose of the organization and the plans and actions to achieve the purpose. It is that set of managerial decisions and actions that determine the long term performance of a business enterprise. Strategic management is an on-going process that evaluates and controls 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 each strategy regularly to determine 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.

Strategic Management defines the purpose of the organisation and the plans and actions to achieve that purpose. It is that set of managerial decisions and actions that determine the long term performance of a business organization. It involves formulating and implementing strategies that will help in aligning the organization and its environment to achieve organizational goals. Strategic management provides overall direction to the enterprise. Firms that pursue sustainable strategic management base the formulation, implementation, and evaluation of their strategies on an analysis of the ecological issues they face, the values they hold that support sustainability, and the ecological interests of their stakeholders. Researchers have associated business strategies with performance, distinguishing between strategies associated with high and low performance (Chell et al, 1991). Strategies which result in high performance are identified with activities that generally lead to success in the industry; that is key success factors.

These activities are associated with initiatives in industry. Researchers have identified such initiatives to include emphasis on product quality, product and service innovations, development of new operating technologies, and discovery of new markets. Activities associated with high performing strategies also include emphasis on customer service and support, extensive advertising, and use of external finance (Covin, 1991). Strategic management is crucial element in keeping banking industry firing on all cylinders and driving forward. However, so far, researches mainly focus on strategic management on large organization. Few studies investigate the role of strategic management practices in banking industry.

Banking industry is important for economic growth and business development due to their contribution to money lending and employment & job creation and to the innovativeness & high technology development. Thus, the existence, survival and growth banking industry are indispensable for business as a whole. According to several strategic management literatures, strategies are essential for building competitive advantages for banking industry (Coulter, 2008).

1.1.3 Organizational Culture

Organizational culture is the behavior of humans within an organization and the meaning that people attach to those behaviors. Culture includes the organization's vision values, norms, systems, symbols, language, assumptions, beliefs, and habits. It is also the pattern of such collective behaviors and assumptions that are taught to new organizational members as a way of perceiving, and even thinking and feeling. Organizational culture affects the way people and groups interact with each other, with clients, and with stakeholders (Needle, 2004).

According to Needle (2004), organizational culture represents the collective values, beliefs and principles of organizational members and is a product of such factors as history, product, market, technology, and strategy, type of employees, management style, and national culture. Corporate culture on the other hand refers to those cultures deliberately created by management to achieve specific strategic ends.

Ravasi and Schultz (2006) stated that organizational culture is a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations. Although a company may have its "own unique culture", in larger organizations there are sometimes conflicting cultures that co-exist owing to the characteristics of different management teams.

Organizational culture may affect employees' identification with an organization. Schein (1992), Deal and Kennedy (2000) and Kotter (1992) advanced the idea that organizations often have very differing cultures as well as subcultures. Deal and Kennedy (1982) defined organizational culture as "the way things get done around here". The two main reasons according to Schein (1992) why cultures develop in organizations are due to external adaptation and internal integration. External adaptation reflects an evolutionary approach to organizational culture and suggests that cultures develop and persist because they help an organization to survive and flourish. If the culture is valuable, then it holds the potential for generating sustained competitive advantages. Additionally, internal integration is an important function since social structures are required for organizations to exist.

1.1.4 Strategic Management Practices and Organizational Culture

Now days, no organization can go on its mission and last in the world of competition without maintaining a strong advantageous culture. The study on the effects of organizational culture was started in 1980s, today is matching itself with new human values and styles of development which have brought new era in enterprises. Perez Lopez et. al. (2004) believes there is a consensus on the idea that organizations making the effort to introduce a culture which encourages communication among their members and motivates employees to question fundamental beliefs will achieve a favorable working atmosphere. The pervasiveness of an organization's culture requires that management recognize underlying dimensions of their organization culture and its impact on employee-related variables such as satisfaction, commitment, cohesion, strategy implementation, performance, among others (Lund, 2003). Many studies have tried to prepare some conceptual models and test the effect of organizational culture (Lund, 2003; Mehta and Krishnan, 2004; Zabid and Sambasivan, 2004; Navanjo-Valencia et. al., 2011).

A noticeable influence of a powerful culture clears up on the subject of strategy implementation. As well as the formulation of a strategy seems critical, its execution should be considered vital. Only organizations which implement almost all their strategic management achieve good records on profitability. However, only a few studied implicitly the effect of culture on strategy practices (Saku Mantere, 2000; Van Der Maas, 2008). Therefore, with the importance of culture as a unifying and encouraging factor, it has to be considered in the implementation process. Thus, it is a must to measure which kinds of cultures will help organization practices its strategic objectives. Also, it is necessary to find out the effects of culture's components on strategic practices.

Considering literature and the role of modern social and personal values, we estimate organizations validating flexibility versus stability and adaptability versus refusal gain more advantages out of their cultures through practices. This will help managers and decision-makers build up a productive environment for the personnel consequently promote outputs in strategy practices with higher degrees of productivity.

In order to classify organizational cultures, Cameron and Quinn (1999) proposed a model of four type cultures. Using this typology, we are able to clarify the relations between different cultures and strategy practices.

1.1.5 Banking Sector in Kenya

The first bank in Kenya, the National Bank of India, which subsequently became the National and Grindlays Bank was established in 1896 following the British occupation of the country and the construction of the Kenya-Uganda railway. It was followed by the Standard Bank of South Africa in 1910 and the National Bank of South Africa in 1916. In 1926, the National Bank of South Africa merged with the Anglo-Egyptian Bank to form Barclays Bank (Dominion, Colonial and Overseas) the predecessor to one of the largest banks in Kenya. For the next 50 years, there were no significant changes in the banking sector until several continental and foreign banks started entering the Kenyan banking sector. Soon after independence in 1963, two Kenyan banks were set up: the Co-operative Bank of Kenya (1965) to look after the interests of the co-operative movement and the National Bank of Kenya (1968) to look after other national interests

In 1971, the National and Grindlays Bank itself was split into two separate banks in which the Kenya Government had substantial ownership; The Kenya Commercial Bank and Grindlays Bank (now the Stanbic Bank after the acquisition of the governments' shares by the South African multinational bank).

Until this time, banking was the preserve of foreigners with the minor exception of the three "government" banks named above. The ordinary Kenyan did not have what might be viewed as a genuinely national banking institution. From around 1977, Kenyan nationals started venturing into banking through non-bank financial institutions, i.e. finance houses and building societies. Initially, there was skepticism about the ability of these institutions to survive in the intensely foreign environment.

Entry into this area was made deliberately easy as a matter of policy by government in order to encourage the deepening of the financial system in the country. Presently, there are a total of forty two banks in Kenya. The Central Bank of Kenya is the statutory authority for regulating the conduct of banks in the country. It does not have power to license banks, this being the responsibility of the Directorate of Fiscal and Monetary Affairs following approval by the Minister for Finance.

1.1.6 Family Bank Limited

When Family Finance Building Society was started in 1984 the vision was very clear, Family Finance was to be the institution of choice for the unbanked population. Our aim then (and now) is serving the needs of the mass market which had been ignored by the mainstream banks. This market segment comprises of millions of small and medium scale enterprises, parastatals NGOs and even private organizations.

Our mission over the years has been to liberate the unbanked from financial bondage and the cycle of poverty. We have been doing this without discrimination as to creed, race, age or gender. Today, much has been accomplished. We have over 1,600,000 customers which makes us one of the largest banks serving the mass market in all parts of country. We are the financial intermediary, providing superior technology driven savings facilities as well as affordable loans of all sizes for all kinds of needs, from working capital to school, medical fees and even food.

As we have grown, so have the needs of our customers. Today many of our customers have graduated to higher levels economically and are involved in complex and sophisticated activities including imports and exports as well as local and international money transfer. We have widened our capacity to serve all their needs including cheque books, clearing electronic funds transfer, foreign exchange and international banking. This substantial progress would not have been possible without the people, from staff to directors, consultants, institutional partners, service providers and Government. It would also not have been possible without these people's hard work, team work, professionalism, patience, passion, commitment, innovation, sacrifice and most important of all, remaining focused on our vision and mission.

1.2 Research Problem

Strategic management is a very important concept for commercial banks. Characterized by intense competition for customers in the industry, banks must always be wary of the trends and opportunities in their external environment as shifts always occur. Studies on the effect of various factors on strategy management have been undertaken. For example Arabi (2002) examined the factors affecting strategic management and identified factors such as technology, human resource, organizational structure and leadership.

Mbago (2004), examined factors such as organizational structure, change management, leadership and cultural issues and their effect on strategy management.Mushtaq (2008) concluded that there is sufficient evidence linking cultural traits and organizational effectiveness. He found that mission is the most important cultural trait that today's organizations need to focus on.

The other cultural traits that are important include involvement, adaptability and consistency in order of importance. A study carried out by Schein, (2009) revealed that organizational culture carries critical forces that need to be considered in strategy implementation.

The banking sector has shown a significant expansion during the first half of 2012 (Central Bank of Kenya, 2012). Despite the significant expansion, the banking industry in Kenya is currently going through a period of rapid change due to new products and services introduced by banking industry as a result of globalization and the adoption of new technologies. Therefore, exploring the current strategic management practices of the commercial banks in Kenya and especially the internal and external factors that influence such practices will be extremely important for every bank in the Kenyan banking industry.Hilton (1991) observes that most organizations exists to make profit, to grow, to achieve financial self-sufficiency, minimize cost, to achieve product leadership, diversify market, produce quality products, preserve environment and achieve corporate social responsibility. The purposes are achieved through exploiting and transforming various resources from the environment to produce consumable outputs. The outputs are also consumed by various consumers in the environment

Organizations therefore possess a service and dependent relationship Ansoff (2007) with their environment. The attainments of organizational purpose are always affected by the changes of forces in the environment. Strategic Management Practices have gained importance in recent years (Cole, 2003). Cole further argues that during the past years, organizations focused on long-term planning. Long-term planning assumed that external and internal environment will remain stable for a long period which in most cases is different

A number of studies on culture and strategic management practices in various private and public organizations in Kenya have been carried out. Mbwaya (2012), Mbondo (2011), Oluoch (2011), Ekasi (2010), Rinje (2006) studied strategic management practices at Kenya Bureau of Standards (KEBS), Barclays Bank of Kenya (BBK), Kenya Police staff Sacco Limited, Kenya Civil Aviation Authority, Kenya Roads Authority, and Mater Hospital, respectively. Riungu (2008) did her studies on, culture and strategic management practices and performance, at the Co-Operative Bank of Kenya Limited. A number of Kenyan organizations have made changes in response to changes in the environment (Kathuku, 2004).

This study therefore, seeks to fill that gap by establishing the effects of strategic management practices and organizational culture at family bank. It will be guided by the following research questions: How do the strategic management practices affects the culture of Family Bank Limited?

1.3 Research Objectives

The research objectives of the study are:

i) To determine the strategic management practices adopted by Family Bank Limited

ii) To establish the Culture adopted by Family Bank limited.

iii) To explore how strategic management practices influence organizational culture.

1.4 Value of the Study

The findings of this study will provides more contextual understanding of the Resource Based theory and Dynamic Capabilities Theory .The study revealed the extent to which strategic planning in government organizations follows the known concepts, policies and principles of strategic management. Gerbing *et al*. (1994), argues that effective strategic planning has positive relationships with organizational performance, processes, morale, and employee commitment.

The result of the study provides invaluable input to policy makers. Policy makers are in a position to engage in an integrated policy formulation in the full understanding of the interplay of strategic management and organizational culture and its influences at Family bank Ltd (FBL).

The finding of the study benefits the Family Bank. This study assessed the extent to which the Family Bank has adopted concepts and practices of strategic management as it endeavors to fulfill the requirements by the government that all government agencies engage in strategic planning. The management practices have been adopted by the Family Bank management, like with any organization need to be evaluated and appropriate changes made to ensure effective strategic management practices are in use. This ensured efficient use of public funds and effectiveness of the organization in service delivery. The findings of the study lead to changes in current Family Bank policies, structure and practices.

1.5 Chapter Summary

Chapter covered a background check on strategic management and the definition, the concept of strategic management and strategic management practices it also showed the relation between organizational culture and strategic management practices. A background on the banking sector was covered that showed various financial sectors strategic management practices they adopted by FBL. The research problem was shown and the objectives to be achieved in this project.

Top management has the reason to consider the implementation of the strategies and cultures in the organization as dynamics. The study paves way for the research to be carried out with special reference to stated case study which will provide information to be adopted later in the chapter. The two theories: The Dynamic Capabilities Theory and The Resource Based Theory are subject to discussion in the later chapter that forms part of the research study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter deals with the theoretical foundation of the study which is The Dynamic Capabilities Theory and The Resource Based Theory; followed by the Strategic Management process, highlighting the stages of strategic management. This chapter also deals with the strategic management practices and finally, discusses the challenges of strategic management.

2.2 Theoretical Foundation

The Resources Based Theory is based on the idea that the effective and efficient application of all useful resources that the company can gather helps determines its competitive advantage (Anne Marie Dixon, 2011). The Resource Based Theory highlights the need for a fit between the external market context in which a company operates and its internal capabilities. The Resource Based Theory is the classical view on strategy that explains how competitive advantage within firms is achieved and how that advantage of firms can be sustained over the time (Barney, 1991).

2.2.1 Resource Based Theory

Resource based theory sees the firm as a collection of assets, or capabilities. In the modern economy, most of these assets and capabilities are intangible. The success of corporations is based on those of their capabilities that are distinctive. Companies with distinctive capabilities have attributes which others cannot replicate, even after they realize the benefit they offer to the company which originally possesses them (Kay, 2007).

Foss (1998) states that the resource-based perspective does not escape the general problem of finding the appropriate unit of analysis. Most contributions within the RBV take the individual resource as the relevant unit of analysis to study competitive advantage. However, Foss (1998) points out that this choice may only be legitimated if the relevant resources are sufficiently well-defined and free-standing. If, in contrast, there are strong relations of complementarity and co specialization among resources, it is the way resources are clustered and how they interplay and fit into the system that is important to the understanding of competitive advantage. Foss (1998) recognizes that the concepts ‘capabilities’ and ‘competences’ aim perhaps at grabbing this clustering and interplay. The conceptual framework takes this problem into account by relating competitive advantage to strategy rather than to individual resources.

2.2.2 Dynamic Capabilities Theory

In the Dynamic Capabilities Theory, a capability is a set of learned processes and activities that enable a company to produce a particular outcome. Ordinary capabilities are like best practices. They typically start in one or two companies and spread to the entire industry (Teece, 2013). Dynamic capabilities, unlike ordinary capabilities, are distinctive, that is, unique to each company and rooted in the company's history. They are captured not just in routines, but in business models that go back decades and that are difficult to imitate (Gratton, 2013).

Dynamic capabilities have been defined as "the capacity to renew competencies so as to achieve congruence with the changing business environment" by "adapting, integrating, and reconfiguring internal and external organizational skills, resources, and functional competencies" (Teece*et al*., 1997). More recently, Helfat*et al*. (2007) have defined a dynamic capability as "the capacity of an organization to purposefully create, extend or modify its resource base". It is this definition that we have adopted to facilitate the development of our argument. In line with Helfat*et al*. (2007) we use the term „resource‟ in its broad sense (Barney, 1991), and hence it includes activities, capabilities, etc., which allow the firm to generate rents.

Danneels (2002) argues that it is essential for the RBV to have a dynamic perspective, so as to understand how firms evolve over time, through their deployment and acquisition of resources, and because firms must continuously renew and reconfigure themselves if they are to survive (see also Zahra *et al*., 2006). Our paper attempts to further the understanding of how firms reconfigure themselves by „unpacking‟ the notion of dynamic capability into three levels, one of which addresses the renewal of firms‟ extant dynamic capabilities.

Dynamic capabilities are built rather than bought in the market (Makadok, 2001). They are organizational processes in the most general senseor routineswhich may have become embedded in the firm over time, and are employed to reconfigure the firm‟s resource base by deleting decaying resources or recombining old resources in new ways This means that dynamic capabilities are viewed to be essentially path dependent, as they are shaped by the decisions the firm has made throughout its history, and the stock of assets that it holds (Eisenhardt and Martin, 2000; Zollo and Winter, 2002).

Path dependency "not only defines what choices are open to the firm today, but…also puts bounds around what its internal repertoire is likely to be in the future". Path dependency could be grounded in knowledge, resources familiar to the firm or influenced by the social and collective nature of learning.

This suggests that learning plays a significant role in the creation and development of dynamic capabilities. This is illustrated, for instance, by Eisenhardt and Martin (2000) and Zollo and Winter (2002) who explain that learning is at the base of dynamic capabilities, and guides their evolution. Learning is also considered as a dynamic capability itself, rather than an antecedent of it. As such, learning as a dynamic capability has been identified as "a process by which repetition and experimentation enable tasks to be performed better and quicker" (Teece*et al*., 1997).

2.2.3 Critical Theory

Critical theory is based on a school of thought that stresses the reflective assessment and critique of society and culture by applying knowledge from the social sciences and the humanities. As a term, critical theory has two meanings with different origins and histories: the first originated in sociology and the second originated in literary criticism, whereby it is used and applied as an umbrella term that can describe a theory founded upon critique; thus, the theorist Max Horkheimer described a theory as critical insofar as it seeks "to liberate human beings from the circumstances that enslave them (Horkheimer,1982).

According to Wade and Hulland (2004), resources may take on many of the attributes of dynamic capabilities, and thus may be particularly useful to firms operating in rapidly changing environments. Thus, even if resources do not directly lead the firm to a position of superior sustained competitive advantage, they may nonetheless be critical to the firm's longer-term competitiveness in unstable environments if they help it to develop, add, integrate, and release other key resources over time. Unlike positivist sociology, Critical Theory rejects the separation of facts and values, and sets out to analyze society 'from the standpoint of its emancipator Critical Social Theory and the End of Work transformation' (Benhabib, 1986). As we shall see in our forthcoming encounter with Marcuse, Critical Theory observes that emancipator transformation is necessary, since current society fails to satisfy the true needs of civilized individuals. Not only that, but it fails even to create civilized societies, with even the most advanced nations driven with economic injustice, alienation and violence.

Critical Theory is known for its commitment to reason, even as it is often seen as critiquing the increasingly instrumental rationality dominant in modernity. In the period when postmodernism was fashionable in sociological circles, it was common to question the very foundation of reason, and even now, statements in mainstream sociology remain tentative. Who can say what is rational and what is not, and should one section of society (the intelligentsia) propose to pass judgement for the whole? Sociologists, after all, are not philosopher kings. The Critical Theorists of the Frankfurt School were in fact steeped in the philosophical tradition, both ancient, Kantian, and Hegelian, and had no compunction about making statements about what is rational and what is not (Sünker, 2007).

It is possible that having narrowly escaped death in the Holocaust, and having observed fascism at first hand, the Critical Theorists had an acute sense of the irrational, since in many senses fascism demonstrated the triumph of irrationality, whilst functioning in an apparently formally rational manner. Such contradictions are at the centre of Critical Theory. Irrationality, however, inheres in modern industrial society more generally, and particularly in capitalism, of which fascism is one formation. Life in the modern democracies is equally irrational (Horkheimer, 1972).

It is irrational for individuals, and indeed nations, to annihilate each other, as they continue to do. It is irrational to condemn, structurally, whole sectors of populations to poverty, toil, unhappiness and servitude, as continues to be the case. What is most irrational, from the standpoint of Critical Theory, is that this state of affairs is objectively avoidable. A community of free human beings, according to Critical Theory, is possible through technical means already at hand (Horkheimer, 1972).

Although we noted that only Marcuse provides an analysis that makes the end of work an explicitly extended theme, other Critical Theorists have a sense that needless toil is part of the system of domination under advanced capitalism, and therefore should be abolished. The contemporary organisation of work, for Adorno and others, should be transformed not only because it is at the centre of a particularly pathological organisation of society, but because it mutilates the individuality of identity that bourgeois society purports to value (Sünker, 2007). Work, for the Critical Theorists, has an individual as well as a social or economic element, and the capitalist division of labour limits the development of true individuality.

That the technical means exist for work to be abolished is one of the more obvious irrational features of advanced capitalism, according to Critical Theory. Marx had suggested that the abolition of capitalist labour as we know it was within reach many years earlier. Herein lies the essence of the analytical usefulness of Critical Theory, and its suitability for looking at the end of work:

Critical Theory does not simply diagnose social injustices and irrationalities, it seeks to account for their perpetuation by proposing that capitalist (that is, all modern) societies hide their own potential from themselves, in order for the current system of economic and social domination to be perpetuated. This theory is not particularly new, of course (Horkheimer, 1982).

Marx provided an analysis that highlighted the fetishisation of commodities; that is, the tendency for impersonal economic and social structures and processes to appear to take on a life of their own. At the heart of theories that priorities the end of work, is a conviction that people should decide for themselves how to work, produce, and live, and that there is no objective necessity for present conditions to endure. These theories are relevant to this study because they describe the process through which the pursuit of a strategy not only utilizes a firm's resources, but also augments them through the creation of skills and knowledge that are the products of experience (Horkheimer, 1982).

2.3 Strategic Management Process

The first step in the Strategic management process is the Formulation of the Company's Mission and Vision. A mission statement is a formal written document designed to capture and convey a firm's unique and enduring purpose. It should answer some fairly basic yet critical questions, such as what is our purpose? And, why does our organization exist? (Bart, 1997). The mission statement spells out the underlying motivation for being in the business in the first place – the contribution to society that the firm aspires to make (Collis and Rukstad, 2008).

The mission of a company is the unique purpose that sets it apart from other companies of its type and identifies the scope of its operations. The company's mission describes the company's product, market and technological areas of emphasis in a way that reflects the values and priorities of the strategic decision makers. (Pearce and Robinson, 2007)

The second step in the Strategic management process is the Situation Analysis. Here, a company carries out situational analysis by focusing on the internal environment of the firm as well as the external environment surrounding the firm. Management does this by carrying out a SWOT analysis which is a structured planning method used to evaluate the Strengths, Weaknesses, Opportunities and Threats involved in a project or in a business venture (Albert, 2005).

The third step in the Strategic management process is determining the Strategic Objectives. Strategic objectives are used to operationalize the mission statement. That is, they help to provide guidance on how the organization can fulfill or move toward the "high goals" in the goal hierarchy-the mission and vision. As a result, they tend to be more specific and cover a more well-defined time frame, of determining whether it is helping the organization to move toward the organization's mission and vision (Lumpkin and Taylor, 2005).

Most of strategic objectives are directed toward generating greater profits and returns for the owners of the business, others are directed at customers or society at large. Strategic objectives must be SMART (Paul, 2003); meaning they must be Specific through providing a clear message as to what needs to be accomplished, Measurable by having at least one indicator (or yardstick) that measures progress against fulfilling the objective, Appropriate through being consistent with the vision and mission of the organization, Realistic by having achievable targets given the organization's capabilities and opportunities in the environment and lastly they should be Timely through having a time frame for accomplishing the objective. (Graham, 2013).The fourth step in the Strategic management process is the Strategic Analysis and Choice. The management of a firm analyses the company's options by matching their resources with the external environment. Simultaneous assessment of the external environment and the company profile enables a firm to identify a range of possibly attractive interactive opportunities. These opportunities are possible avenues for investment. However, they must be screened through the criterion of the company mission to generate a set of possible and desired opportunities. The screening process results in the selection of options from which a strategic choice is made (Pearce and Robinson, 2007).

The fifth step in the Strategic management process is the Implementation of the Strategy. Implementation is the process that turns strategies and plans into actions in order to accomplish strategic objectives and goals. Implementing the company's strategic plan is as important, or even more important, than the company's strategy (Shannon Sage 2010). Strategic implementation is critical to a company's success, addressing who, where, when, and how of reaching the desired goals and objectives. It focuses on the entire organization. Implementation occurs after environmental scans, SWOT analyses, and identifying strategic issues and goals. Implementation involves assigning individuals to tasks and timelines that will help an organization reach its goals (Kristie Lorette, 2013). Implementation of strategy is achieved through two different stages, the first being Institutionalization of Strategy.

This is the process which translates an organization's code of conduct, mission, policies, vision, and strategic plans into action guidelines applicable to the daily activities of its officers and other employees. It aims at integrating fundamental values and objectives into the organization's culture and structure (Business Dictionary 2014). Institutionalization of Strategy entails selection of long term objectives and grand strategies that will achieve the most desirable options.

The results that an organization seeks over a multi-year period are its long term objectives. Such objectives typically involve some or all of the following areas; profitability, return on investment, competitive position, technological leadership, productivity, employee relations, public responsibility, and employee development (Pearce and Robinson, 2007).

The second stage in the implementation of strategy stage is Operationalization of Strategy. This entails defining the initiatives to implement the plan in accordance with a work breakdown structure while addressing all of the programs associated with plan goals and the major initiatives underneath those programs which include budgets, resources, timelines, deliverables, accountability and structures (Joe Evans, 2012). Operationalization of strategy entails the development of annual objectives short term strategies that are compatible with the selected set of long term objectives and grand strategies. Short term objectives are the desired results that a company seeks over a period of one year or less. They are logically consistent with the firms' long term objectives. Companies typically have many short term objectives to provide guidance for their functional and operational activities. Thus there are short term marketing activities, raw material usage, employee turnover and sales objectives (Pearce and Robinson, 2007).

The sixth step in the Strategic management process is the Strategic Evaluation and Control. Strategy Evaluation is as significant as strategy formulation because it throws light on the efficiency and effectiveness of the comprehensive plans in achieving the desired results. The managers can also assess the appropriateness of the current strategy in today's dynamic world with socio-economic, political and technological innovations. Strategic Evaluation is the final phase of strategic management (Management Study guide 2014). Evaluation and control keep the strategy on target and show when adjustments are needed. Managers need to continually monitor performance and, when necessary, revise their strategies due to changing conditions. Strategic marketing planning requires information from ongoing monitoring and evaluation of performance (Cravens and Piercy 2013).

2.4 Strategic Management Practices in Organizations

Strategic management practice is the process where managers establish the firm's long - term direction, set specific performance objectives; develop strategies to achieve these objectives in the light of all the relevant internal and external circumstances, and undertake to execute the chosen action plans (Strickland, 1996). The Strategic management process entails following six steps, which include formulation of the company's mission and vision, situation analysis, determination of the strategic objectives, strategic analysis and choice, implementation of the strategy and finally strategic evaluation and control (Pearce and Robinson, 2007).A good mission and vision statement describes an organization's purpose, customers, products or services, markets, philosophy and sense of technology.

A mission statement should define what the organization is and what the organization aspires to be, it should be limited enough to exclude some venture and broad enough to allow for creative growth. The mission statement should also distinguish a given organization from all others, serve as a framework for evaluating both current and perspective activities and be stated in terms sufficiently clear to be widely understood without the organization (Rao Subbha, 2005).

The Barclays mission is "to be an innovative, customer-focused group that delivers super products and services, ensures excellent careers for their people and contributes positively to the communities in which they live and work." In order to attain this mission Barclays concentrates on following aspects: Deliver a superior customer experience and offer high value products and services that consistently exceed their customer expectations, attract, develop and retain talented, performance-oriented people by providing employment opportunities that are among the best in financial services industry and finally Play a full and active role in the communities in which Barclays operate to ensure mutual benefit from their success. (UK Essays 2013)

A company carries out situational analysis by focusing on the internal environment of the firm as well as the external environment surrounding the firm. Management does this by carrying out a SWOT analysis which is a structured planning method used to evaluate the Strengths, Weaknesses, Opportunities and Threats involved in a project or in a business venture (Humphrey Albert, 2005). According to the Collaborative research carried out by Wikiwealth (2013) on the SWOT analysis of Equity Bank showed that the strengths of

Equity Bank are strong management, they have pricing power with the ability to price their services at competitive rates, they have an innovative culture, a good supply chain, cost advantages, economies of scale and finally unique products in the banking industry. Determination of the strategic objectives is determined by the SWOT analysis. Equity Bank has come up with several ways to sustain its business operations in the volatile business environment and this was shown by Abishua (2010) in his study which found that Equity Bank uses product offering diversification, branch and regional expansion, relationship marketing, financing, customer-care, innovation, and information technology strategies.

The study found Equity Bank to be a very adaptive bank with a versatile reactionary mechanism to exploit any emerging gaps in the banking industry. The bank has been able to create new markets in uncontested areas like hair salons, millet growing (for brewing) and dairy industry, so its competition strategies are heavily bent on using "blue ocean strategies". The study therefore concluded that Equity Bank has managed to build competitive advantages that can be exploited to sustain and further its growth (Abishua (2010).

Strategic analysis and choice in the banking industry is demonstrated by Ndungu et al (2014) in their study of the Response Strategies by Commercial Banks to Economic Changes in Kenya. For firms to be able therefore to stay ahead of competition, it was noted that it was imperative for the organizations to continually scan the environment so that the organizations adjust their strategic responses to accommodate the demands of the environment.

The appropriate response strategies would guarantee a competitive edge that ensures the organizations remain relevant. The study examined the strategies used by commercial banks in Kenya to respond to changes in the economic environment. The study established that the commercial banks have been able to respond to the changes in their environment through retrenchment strategies which involved cutting operating costs and divestment of non-core assets. They have also responded to the environment using various investment strategies which contrast with retrenchment and as such firms perceive these changes as opportunities to invest, innovate and expand into new markets in order to achieve or extend a competitive advantage (Ndungu et al 2014).

Implementation of the strategy in the banking sector is shown in a study carried out at the University of Nairobi (Mungai, 2012) titled Integrating Strategy Formulation and Implementation, A Case of the Commercial Banking Industry in Kenya where the study sought to analyze the integration of strategy formulation and implementation in Kenya with an emphasis on the commercial banking industry. The study was a Census survey and the population included all operating commercial banks licensed by the central bank of Kenya.

However it was found out that, the directors and the chief executive officers were the most heavily involved with the employees being least involved. It was further observed that all companies considered implementation issues during formulation. However emphasis was laid on resources, staffing and staff skills while organizational culture, values and structure were least considered. In training middle managers emphasis was laid on strategy implementation as that is seen as their core function in the organization. Emergent strategies were also highly considered in strategic training.

It was also established that ambidextrous strategies have been used where organizations combine incremental change with discontinuous change, or the exploitation of existing resources to improve efficiency. This occurs through exploration of new sources of competitive advantage and innovation. It is recommended that in order to stay ahead of competition, commercial banks should continuously scan the environment aggressively and speed up implementation of various strategies (Ndungu et al, 2014).

2.5 Cultural Values in Organizations

Cole, (1995) describes organizational culture as the sum of dominant values, visions, perspectives, standards and modes of behavior that typify an organization. He argues that the dominant culture affects the stakeholders of the organization. McNeal, (2009) argues that organizational culture forms in response to the need for external adaptation and survival as well as internal integration. External adaptation and survival involve finding a niche to enable the organization to cope with the changing environment. Internal integration entails development of language and concepts, group and team boundaries, power and status as well as rewards and punishment in order to establish and maintain effective working relationships among the members of an organization.According to McNeal, (2009) various aspects of culture exist at different levels or layers within an organization. Shared assumptions and philosophies form the inner most layer. The next layer is organizational cultural values which are the collective beliefs, assumptions, and feelings about what things are good, normal, rational and valuable. The next layer is the shared behaviours which include the norms; they are more visible and easier to change than values. The top most layer has the cultural symbols which are the words, gestures, pictures and other physical objects which carry meaning with a culture; they are the most visible and most superficial

Strickland (2001) argues that there are various steps involved in strategy implementations. He advocates that strategy managers have to innovate motivation and remunerations in close relationship with objectives and strategies. The strategy managers have also to focus on forming an organizational culture to adjust to strategies though creating common values, defining ethical criteria, creating a workplace which supports strategies and creating high achievement motives in the culture of organization. The strategy implementation process also entails performing leadership strategies that will lead the process of value formulation, culture development and empowering implementation, developing and saving innovations, responsibility to environment and using opportunities, considering political aspects of strategies, confronting power conflicts and creating consensus, posing ethical criteria and behavior innovating modifications for improving implementation of strategies.

While people are critical in strategy implementation, their level of motivation might be a driving force towards the success of the process. The basic cultural requirement to earn a living must therefore be integrated into the motivational innovations aimed at driving people towards implementation of strategies and creating operational & administrational systems which can empower strategies Strickland (2001).

Schein (1992) defines organizational culture as ‘’ a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.’’ Schein also states that these assumptions ‘’ come to be taken for granted’’ because they solve the group’s problems ‘’repeatedly and reliably.’’ Additionally, because these assumptions function unconsciously and instinctively, culture is often a challenging concept for organizational members to not only understand but, measure, and change (Kraut,1996).

A recent research project plainly illustrates how culture is formed and what it does. The research project did a study on four monkeys that were placed in a cage with a banana. When one of the monkeys approached the banana, it received a low intensity shock. When shocked, the monkey drew back. When another monkey approached the banana, the first monkey that was shocked shrieked a sound of warning (Marc &Farbrother, 2003).

The pattern repeated until all of the monkeys were warned and the banana remained untouched. As the study continued, they removed and replaced monkeys into the cage. Each new monkey attempted to retrieve the banana, but was warned by another monkey in the cage. The cycle continued and eventually four new monkeys were in the cage, the banana remained untouched and all of the monkeys remained shock free (Marc & Farbrother, 2003).

What this study shows is how culture is formed and is embedded in the behaviors and actions of the organization. If you think of the monkeys as employees of an organization, you can see a direct connection to culture and its effects on the behaviors exhibited. Culture becomes instilled in organizations to the point where individuals do not know how things came to be, but trust what is passed along.

Culture influences the behavior of all individuals and groups within an organization. It influences most aspects of organizational life, including how decisions are made, who makes them, how rewards are given, who is promoted, how people are treated, and how the organization responds to its environment. Culture to an organization is what personality is to an individual. It is that distinctive collection of beliefs, values, work styles, and relationships that distinguish one organization from another (Roger Harrison & Stokes, 1992).

2.6 Challenges of Strategic Management and Organizational Culture

Strategic management and culture is relatively recognized that the strategic management process and culture is costly in terms of time invested by the chief executive of the organization since he is expected to fully understand the mission, vision and goals of the company and come up with ways to achieve the company objectives in an efficient and cost effective manner. The chief executive has to liaise with managers of all levels in the organization to come up with day to day activities that the staff can do and in so doing, ensuring that the activities are all geared towards achieving the overall organizations' objective (Hiriyappa, 2011).

At a private sector organizational level, it might be expected that the political nature of governments would make it more difficult for rational models of Strategic management and culture to be implemented, given the almost inevitable interpenetration of politics into that arena (Lynn (1987, 1996). She also argues that some strategic management actions will be individually directed and political as well as related to personal as well as organizational advancement. The time that managers spend on the strategic management process may have a negative impact on operational responsibilities. Managers must be trained to minimize the impact by scheduling their duties to allow the necessary time for strategic activities

This may arise from the fact that the results of the strategy and culture are not seen immediately, and hence there is a lot of uncertainty of the success of the culture and strategy. This result in managers constantly trying to come up with better culture and strategies instead of implementing the strategies already agreed upon by the organization (Hiriyappa, 2011).

If the formulators of culture and strategy are not intimately involved in implementation, individual responsibility for input to the decision process and subsequent conclusions can be avoided. Thus strategic managers must be trained to limit their promises to performance that the decision makers and their subordinates can deliver. This will motivate staff into being fully involved by giving their ideas and feedback and as a result they will have a sense of ownership since they will be participating fully in the whole process (Hiriyappa, 2011).

Culture and Strategies must be adopted and some trained to anticipate, minimize or constructively respond when participating subordinates become disappointed over unattained expectations. Subordinates may expect their involvement in even minor phases of total strategy formulation to result in both acceptance of their proposals and an increase in their rewards, or they may expect a solicitation of their input on selected issues to extend to other areas of decision making (Hiriyappa, 2011). Growth is one of the overarching challenges organizations face in strategic management. Organizations would like to know how they can increase their impact, in saturated or declining markets. For an enterprise to prosper, growth must be the goal. Whether the metric is revenue, profit, market share or lives saved, any goal other than growth will eventually lead to decline. Addressing the challenge of value provides an organizations' foundation for growth. This involves enhancing the relationships of its enterprise's processes to benefits and costs. This requires a solid understanding of the nature of the processes, the stakeholders in these processes, and how these processes provide benefits and incurs costs (Hiriyappa, 2011).

Success in pursuing the challenges of growth and value requires addressing the challenge of focus, which provides the organizations path from value to growth. Focus involves pursuing opportunities and avoiding diversions. It involves reducing or eliminating investments in their old value proposition to invest in the new. The challenge of change requires that the organization designs the new enterprise for pursuing the path from value to growth. This design or redesign should balance competing creatively while maintaining continuity with those aspects of the enterprise the organization wants to preserve. If the organization will have to change everything, then liquidation may be better than transformation (Hiriyappa, 2011).

Change almost always involves investing in inherently unpredictable outcomes in the future. Articulating the organizations view of possible outcomes and the uncertainties associated with them is key to both their commitment and that of the team. Keep in mind that many of these uncertainties and associated risks cannot be eliminated. The goal, therefore, is to be better at risk management than the competitors. By addressing the challenge of knowledge, the organization can gain the means of transforming information to insights to programs of action. This involves understanding the nature and role of knowledge in the enterprise. Much of this knowledge will not be archival. Instead, it will be in the heads of the people in the enterprise (Hiriyappa, 2011)

2.7 Empirical Studies and Research gaps

In their national survey of private sector agencies, Poister and Streib (2005) found that 44% of the 512 private agencies responding used some form of strategic planning. They compared this result to their work ten years earlier, and concluded that strategic planning was spreading, 6% increase over 10 years. Backoff, Wechsler and Crew (1993) explain this slow adoption rate by the difficulty in adoption of strategic management and culture in private sector settings. The research gap that is to be filled in the study is that of strategic management practices and organization culture that is principled by the areas of culture practices, strategic management and the challenges that exist that widen the gap in the achievement of the goals and objectives of the banking institution in reference to the family bank limited.

A myriad of factors can potentially affect the process by which strategic plans are turned into organizational action. Unlike strategy formulation, strategy implementation is often seen as something of a craft, rather than a science, and its research history has previously been described as fragmented and eclectic (Noble, 1999). It is thus not surprising that, after a comprehensive strategy or single strategic decision has been formulated, significant difficulties usually arise during the subsequent implementation process.

2.8 Chapter Summary

The chapter has focused on the related literature based on the study including, journals, books and internet contents. These have enriched the study to make sure that the focus on the strategic management and organization culture has been well captured. Theories like The dynamic capabilities and Resource based theory have been looked at on the study.

The search of content has not been limited to books alone but also in electronic journals, periodicals and internet content among others in getting diverse information content that seemed to expound on the knowledge base in the areas mentioned in the research study. Similarities and comparison of the texts have also been made to bring out the ideas in the more comprehensive way.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methods used in the collection of data pertinent in answering the research questions. It is divided into research design, data collection, and data analysis methods.

3.2 Research Design

The study used the descriptive case study method. This design is preferred to other research designs since it helped specify the boundaries of the case, and it contributed significantly to the rigor of the finished case study. A descriptive case study has the potential for mining of abstract interpretations of data and theory development. The main goal of the descriptive case study was to assess a sample in detail and in depth, based on an articulation of a descriptive theory.

Case study design was the most appropriate research design because it is a study of a single unit or institution. This enables intensive study and analysis of the same. It is a form of qualitative analysis where the study is done in an institution or situation and from the study; data generation and inferences are made.

3.3 Data Collection

Primary data was collected using an interview guide. The interviewees will be senior managers concerned with strategy, including The Head of Strategy & New Business, Finance Director and Retail Director in Family Bank. The interview guides was administered on a one on one basis. This method was seen as appropriate since it consumed less time and coasted effectively on the part of the researcher. The interview guides was checked for reliability using split half method.

For the secondary data document, sources was employed whereby use of previous document or materials to support the data received from question and information from interview that includes book and magazines available in the libraries was visited as well as information from the websites.

3.4 Data Analysis

The completed interview guides was edited for completeness and consistency before processing the responses. In order to fulfill the objectives, a descriptive analysis was carried out. Qualitative Content Analysis was carried out by first stating the research question because knowing what the researcher was trying to find out was how to help the researcher to stay focused in the research and analysis. The next step was to select the sample of text material through reading and reducing them to a more manageable set of data through a process of reading and categorizing.

The next step was to examine the data by reading and reviewing the material in the sample. Once that was done, the researcher, defined the unit of analysis and categories. The researcher then was to code the textual material in the sample and keep a tally sheet as the material was be coded. Lastly, the researcher will read everything more than once to identify all keywords and phrases and in so doing, the researcher was able to have counts of the frequencies with which certain words and phrases are used in relation to particular candidates.

3.5 Chapter Summary

The chapter has presented the research design, data collection and data Analysis which is a way of the researcher collecting data and the way it will be presented. The researcher has depicted a population of the head of strategy & new business, finance director and retail director in family bank who were used as respondents.

Data collection method used is the interview. The information collected is qualitative which is subject to be known through the process which is effective for this research study. Data analysis has been focused on giving the prospects way of how the data processes will flow.

CHAPTER FOUR

DATA ANALYSIS RESULTS AND DISCUSSION

4.1 Introduction

This chapter details the findings of the study with respect to the objectives of the study and has three major sections. It will first present findings on Strategic Management Practices in family bank Limited; secondly, present findings on the organizational culture adopted by Family Bank limited; thirdly present the findings on how strategic management practices influence on organizational culture and lastly discussions.

4.2 Strategic Management Practices Adopted by the Bank

The first objective of the study was to determine the strategic management practices adopted by FBL. Primary data was collected through interview guides administered on a one on one basis. The research targeted four interviewees drawn from senior management staff of the bank. Qualitative Content Analysis was carried out to analyze the data.

The interviewees were asked whether FBL periodically gathers and analyzes data about the market and other external or internal factors which affect its operation and business. The interviewees from the study all stated that FBL gathers and analyzes data about the market and other external or internal factors which affect its operation and business (Family, 2003). One of the interviewees stated that it is done on an annual basis just before the main strategy session. She further explained that it was due to the rapid changes in consumer behavior.

Another interviewee added that analysis of data about the market and other external or internal factors were also carried out on a quarterly basis. This is because during that time, banks are reporting their performance which enables FBL compare its performance with other competing banks. In addition, FBL is able to find out what is happening in the market. Another interviewee stated that competitor analysis is carried out to find out what competitors are doing in terms of technology, funding, new products, pricing, customer acquisition and marketing activities (Burne, 2004). He further explained that when the senior management at the bank is doing strategic planning, it was important to note that it constitutes inputs which require the management to expand in terms of macro environment, customer satisfaction surveys and look at competition along the same lines.

The interviewees were then asked whether the external or internal market analysis identifies key strengths, weaknesses, opportunities and threats to the business. They generally agreed that the external and internal market analysis identifies key strengths, weaknesses, opportunities and threats to the business (Heathfield, 2009). When further asked why they agreed that the external and internal market analysis identifies key strengths, weaknesses, opportunities and threats to the business, one interviewee explained that it informs the SWOT Analysis by asking consumers questions like what they like or do not like about services being offered by FBL (Family (2003).

SWOT Analysis helps top management in FBL know how they are performing. The SWOT Analysis is carried out so that management can determine how they can maximize on their strengths, improve on their weaknesses, exploit the opportunities and mitigate threats to the business. Another interviewee gave an example that FBL has a large branch network. The top management would like to ensure they make good use of the large branch network. They have recently combined efforts with a strong brand in the telecommunication industry, Safaricom to come up with a product aimed at offering better and faster services to customers in business (Kennedy,2000). The interviewees from the study were asked whether the chief executive officer takes formal responsibility for the bank's strategic management planning. They all agreed that the chief executive officer takes formal responsibility for the bank's strategic management planning. The interviewees were asked to explain how the CEO is involved and the responsibility he takes. One interviewee stated that the CEO is the owner of strategy. He further explained that the CEO is the one charged with the responsibility to set the timelines for which the objectives are to be achieved (Family, 2003). He gives the details of the strategy, chairs the strategy meeting sessions and is the accounting officer to the board on the implementation of the strategy. Another interviewee stated that the entire strategy process starts with the CEO. He gives his over view and way forward of how he wants the strategy driven as well as his thoughts for the entire year (Mbago, 2004).

The interviewees were then asked whether strategic management practice is a top priority activity in FBL. The interviewees agreed that strategic management practice is a top priority activity in FBL. One interviewee explained that it is the main reason why senior management engages with the Board of Directors all the way to the Executive Committee (EXCO) which comprises of the CEO and all those who report directly to the CEO. When asked whether FBL provides resources earmarked specifically for strategic management planning, the interviewees from the study all stated that FBL provides resources earmarked specifically for strategic management planning (Mbwaya, 2012).

One interviewee stated that FBL has a strategic division combined with the research department which focuses on strategy and new business. Another interviewee explained that FBL has staff in different units like Director Retail, Director Information Technology and Human Resource Director who determine where they are going as a business and how they intend to get there

The interviewees were asked further to state which resources were provided. One interviewee stated resources which include budgets, people, tools, support like the research department, external speakers and exposure to the world, example, the Director Strategy recently attended a two week workshop in South Africa. Another interviewee added that from the month of July 2015 to October 2015, the senior management are preparing for the strategy session to discuss about the bank's ten year plan.

The interviewees were asked whether FBL hires the services of a consultant in the process of Strategic management development. They all agreed that FBL occasionally hires the services of consultants in the process of Strategic management development (Mushtaq, 2008). One interviewee noted that in the year 2013 and so far in 2014, consultants have not been hired. Senior management is still awaiting communication on whether consultants will be hired or not.

One interviewee explained that the hiring of consultants is aimed at creating a balance. Another interviewee stated that consultants are hired when the bank wants to define its purpose and ensure that it comes up with a strategy supported by experts. Another interviewee explained that external consultants are invited to enable the senior management to listen to the voice of the market, learn what they think about FBL and know what they are doing right or wrong. He further stated that all workshops attended have had an external person and this opens up the minds of senior management in FBL to possibilities (Okumu,2003).

The consultants also seek internal information and do the presentation to the directors. The interviewees in the study were asked whether members of staff are briefed and taken through the strategic management plan before implementation. They all reported that FBL senior management briefs members of staff and takes them through the strategic management plan before implementation. One interviewee explained that it is because strategy belongs to the institution to be implemented. It therefore has to be aligned with the staff roles who know customer's needs (Ongoro, 2004). He further explained that it starts with the senior team and then it is cascaded downwards through regions and branch managers who cascade to the rest of the staff.

Another interviewee explained that staff are briefed in two levels, the first being the strategy teams who tell the board, CEO and senior management how the consumer market behaves. This is because the past has a direct impact on the future. Secondly, Managers share the strategy document with the staff on the goals and come up with tactical plans on how to achieve the goals.

Staff in FBL are briefed to get a buy in, create a sense of ownership and to ensure they feel part of the entire process (Riungu,2008). This is because they are the ones to implement the strategy. Strategic planning in FBL constitutes inputs and requires senior management to expand in terms of macro environment, customer satisfaction surveys and look at competition along the same lines

Inputs from consultants, and staff from other departments directly involved in strategy like the Retail Director, Information Technology Director and the Human Resources Director are considered to constitute inputs into the strategic planning process (Kathuku,2004). All the data is put into the plenary for discussion. It is a three day event after which the senior management has a clear understanding of where they want to go.

There are resolutions captured and documented by the secretariat under the strategy department. Subsequently, the strategy team will do a presentation to the executive committee and theirs is to refine and confirm the resolutions. The executive committee comprises of the CEO and all those who directly report to the CEO (Ekasi,2010). It then moves to the next phase which is putting together a paper and board engagement and extracting functional and strategic projects out of those resolutions.

The other role that the finance department plays is to do number crunching which entails budgeting and forecasting. Out of the functional and strategic projects, the finance department extracts action plans to show key deliverables, key milestones and the impact on the business in terms of costs and (Kathuku, 2004).

This enables them to engage the board with the ready document for approval. Once finance comes up with the number crunching, they engage each branch manager to come up with their own figures and business plans based on the three day discussions. Ultimately, senior management in FBL collects figures from branch managers and subsidiaries to come up with the overall strategy. The collection and coalition is done at the Finance Department in FBL (Kathuku, 2004).

The interviewees were asked whether FBL has written mission and vision statements. They were also asked whether the senior management come up with ways to ensure that all staff is aware of the mission and vision statement. The interviewees agreed that FBL has a written mission and vision statement. They also said that management comes up with ways to ensure that all members of staff are aware of the mission and vision statement (Mbago, 2004). One interviewee stated that this is done after confirmation with the Board of Directors since the Board can decide to change those statements. The interviewee further said that FBL will, for the first time in the year 2014, define its purpose and there is a work strip specifically assigned to define that purpose. This will be done during the engagement with the board.

Another interviewee stated that communication of the mission and vision statements is done during the rolling out of strategy. In addition the interviewee said that new members of staff who have been in the bank for at least six months are taken through an induction process where the vision and mission of the bank is discussed at length. Another interviewee stated that senior management also communicates the mission and vision through the bank’s internal communication like emails. In addition, the bank’s letter head contains the mission statement which is a constant reminder to staff when communicating internally (Heathfield, 2009). During training sessions at the FBL Leadership, discussions on the vision and mission statement are intentionally used as icebreakers. The interviewees were asked whether FBL has strategic objectives. The interviewees agreed that FBL has strategic objectives. However they stated that they are often referred to as the six themes. The interviewees were further asked to state the six themes. They stated that the six themes included Technology and Innovation, Business efficiency and growth, consolidation of regional businesses, Customer service, Sustainability and lastly new business opportunities.

The interviewees stated that the strategic objectives may vary every year. They explained that long term and short term objectives may work on paper, but some objectives may change mid-way. Example, towards the end of the year 2013, FBL introduced a new product referred to as Mobile money transfer. This is an account customers can open virtually through their mobile phones without filling any form. The members of staff were expected to create awareness of this product to customers and increase the number of accounts opened through that system.

This implies that it is not always clearly stated what the short or long term objectives are, or that they have changed. These themes are the overall strategic objectives which determine and guide the resource allocation. They gave an example where FBL has invested large sums of money in technology which determines how customers will be served (Heathfield, 2009). In addition, if one of the objectives was to achieve certain profitability at the end of the year, then it will affect the cumulative bottom line profit. Another interviewee stated that the outcome of the three day event constitutes the key objectives and they will be both quantitative and qualitative.

The interviewees were further asked to distinguish between the quantitative and qualitative objectives. One interviewee explained that quantitative objectives include number of customers who have accounts with FBL, number of branches opened, the financials in terms of costs and revenues, number of ATM machines in the regions, loan growth to enable income generation through interest, deposit growth and profitability (Kennedy, 2000). Qualitative objectives on the other hand normally revolve around new markets, technology, rationalization of staff count and new products.

The interviewees were asked whether FBL sets clearly defined and measurable performance targets for each strategic management plan element. The interviewees reported that FBL sets clearly defined and measurable performance targets for each strategic management plan element. The interviewees were further asked to state the performance targets. One interviewee stated that they include customer numbers, profitability, cost to income ratio, staff costs and customer satisfaction. The interviewee further explained that this was the main reason why there are action plans for each one. The interviewee gave an example, for loan growth; there will be a key performance indicator in terms of the number of loans and value of loans as well as who is to deliver those figures and by when. That explains the Individual Balanced Score Card (BSC) which is the performance measurement tool used in FBL to measure performance of staff (Needle, 2004).

The individual balanced score card is reflective of the action plans agreed upon by the board and represents bits of the overall strategy. Example, if the bank would want to expand its business to other regions, it will require capital to do so. Therefore staff must contribute to the overall pool income by achieving and surpassing their targets in their respective work stations as they execute their day to day responsibilities (Needle, 2004).

The interviewees were asked whether FBL conducts perception surveys to gauge staff and customer satisfaction. The interviewees agreed that FBL conducts perception surveys to gauge staff and customer satisfaction. The interviewees explained that the surveys are conducted once every two years. The interviewee reported that according to the Human Resource Director, the survey should be carried out on an annual basis. When asked what the results of the last surveys were, the interviewees stated that the results were encouraging with a Customer satisfaction of 82% and an employee satisfaction of 74% (Ipsos, 2011).

The interviewees were asked whether FBL reviews strategic management decisions. They agreed that FBL reviews the strategic management decisions. They further explained that the reviews are carried out in FBL at different levels. This depends on the dynamics of the market or changes in policies governing the banks operations (Mbago, 2004). Regarding this, the interviewees stated that this may force the bank to review its strategic management decisions to align itself with the changes.

Monthly reviews are carried out so as to monitor performance as an ongoing process. This is followed by quarterly reviews or at the end of every three months which are carried out both at the business and individual level. Here, meetings are held to provide the status in terms of where each unit is. At the business level, the RAG (Red, Amber and Green) Starter is applied. These are colors used to rate the performance. Red represents poor performance and requiring remedial action. Amber represents moderate performance which can either improve or worsen hence requiring more effort to improve. Lastly, green represents good performance which ought to be maintained. Each business unit is expected to explain why their performance is categorized in a particular color and what they are doing to improve.

At the individual level, the balanced score card is used to review performance (Needle, 2004). Reviews are also carried out on a five year basis. The interviewee explained that this is due to the rapidly changing consumer behavior, the volatile macro environment and the general international changes. In addition to this, FBL has set up the Asset and Liability Management Committee (ALCO) which reviews the banks' balance sheet on a monthly basis. FBL also has the General Management Committee which reviews the operating performance on a monthly basis in terms of profit and loss and other financial ratios (Okumu, 2003).

The interviewees were asked to add any other strategic management practices FBL has adopted. One interviewee stated that FBL has adopted the inclusion of an emerging and evolutionary process. The interviewee explained that the bank as a whole encounters a process that was not initially in the plan, but since it meets the overall objective and is useful, the process is included. Another interviewee stated that, until the year 2005, strategic planning in FBL was top down where management were charged with the sole responsibility to decide the strategic goals, objectives, number crunching and overall direction to take the bank. This was then communicated to the rest of the business.

4.3 Organizational Culture adopted by Family Bank limited

The researcher asked the respondent whether their culture is flexible and allows changes to take place. The respondents were quick to admit that their culture is flexible to since the consumer behavior needs that they become flexible. One of the respondents admits that the introduction of ICT brought in the new concept of communication through the email which never used to be. All the staff members adopted and for the few who did not have enough skills went back to look for ways to acquire it either in-house or out of work (Kennedy, 2000). With the introduction of new employee and departure of new employee becomes a stunning moment where they come in to help in the left position to neutralize the existing gap. Where individual die, respondents are able to assist each in going through the hard moments (Kathuku, 2004).

When the researcher sought to find out whether respondents can easily adjust to the changes in the work environment, the respondents were reluctant to answer since it's always a hard task since majority do multi-task in place of their friends without any help or any compensation. In recent event where quarter of the staff left for exams they were doing to upgrade their education while the others were out on leave (Kathuku, 2004). Few were recalled back while it was a back to school session as the banking hall was full for two weeks prior to opening of schools.

The researcher wanted to find out whether the respondents find it easy to adjust to the structural changes in their work environment. According to the respondents, it is not an easy exercise since many of them don't like being overwhelmed with a lot of changes and activities since the work they do need more attention and any error caused might reflect in terms of job loss, recovery from their salary or more responsibility, which they are not ready for (Schien, 1985). They are quiet safe on the few areas they handle and mastered for some time. According to the respondents change of structures has a negative implication since it takes time before adoption to the new system which directly reflects on production.

Two of the respondents depict one of the occasions where one of the employee took an initiative in the event of one of the colleagues who was sick, and with the little knowledge about the area, she did what she knew and later on it turned out that millions of money were lost during the tenure for the short time she was there (Kennedy, 2000). This became a lesson to many of them and none of the staff ever wanted to change positions.

The researcher sought to find out whether coping up with challenges is facilitated by cultural flexibility and adaptability. It was noted that, coping up with challenges has not been an easy thing for many. Depending with several experiences, many have different responses with how they overcame and state of damages they got and how they got out of the situation. In this case, lower cadre managers have different experience as compared to the senior managers as stated by one of the respondents (Arabi, 2002).

With a lot of experience, individuals of FBL gain much experience and later know how to circumvent the systems that bring them down as well as mitigation measures if not advising the management appropriately (Mushtaq, 2008). In any adaptation that and resistance individual gain helps them be flexible as said by one of the respondents. Hence, FBL cultural flexibility and adaptability are much enhanced by the difficulty that individual encounter as they cope with their positions within the banking system.

From the study, the researcher sought to find out whether they have a culture that is responsive to dynamic work environment. It is seen from the respondent that the culture the bank has is the rules and regulations besides the welfare rules and office rules that dictates the moves for the process of a particular activity (Okumu, 2003). It is seen that every branch of family bank has its own culture though all are geared towards achieving the same goal which is success of the bank and get a competitive advantage over the competitors.

4.4 How Strategic Management Practices Influence Organizational Culture

The researchers ought to find out whether FBL adaptive culture has facilitated fast executive of tasks. From the respondents, it is seen that not all of the culture developed by the bank works. The respondents emphasize that due to the technology, many things keeps on changing for the better. It is also seen that, the research department develops new skills every day that need to be addressed due to the customer changing behavior with times and seasons without which sales goes down. The change of the market needs demand that rigidity is flexed with the individuals of the bank (Onyango, 2012). This was observed by the respondent to have a competitive advantage over the other banks.

The researcher wanted to find out whether by easily adopting to changes in environment, FBL staffs are able to teamwork and implement strategies efficiently. This was applauded by several respondents saying it is true. They respondent by saying, the art of success in most of the areas is by coping with the changes that pop in all the times as they use mitigation measures on the risks and uncertainties' predicted. These also helps them helps them learn new antics especially what they learn from the conferences, workshops and seminars attended (Family, 2003). A case study is given where the Information Technology staff that attended an IT seminar and learned a new skill which he adopted and implemented in the FBL systems which later on lifted the monitoring and evaluation of the data generated and managed by the FBL IT staff.

From the research study, the researcher sought to find out whether adjusting to changes has facilitated innovativeness in strategy management in FBL. Innovativeness is seen to be run by the office of research and innovation that is headed from the regional center and headquarters from Nairobi as stated by the respondent (Schein, 1996). FBL has better strategies to adopt in the changes which are distinctive, that is, unique to FBL and are rooted in the bank's history. This center confirms by memo all the updates and changes of the workings and innovations that are to be implemented. It also shows new development that is to be instilled within the system and the progress expected from the strategic planners. Where threats are seen to have affected the system of working is also communicated through FBL portal system (Heathfield, 2009). All the changes seen as per the respondents is seen to facilitate better working through innovativeness of the available products and services hence strategy management. Better planning is also enhanced and so better distribution of resources where they are required and better outputs expected.

The researcher wanted to find out whether flexibility of FBL culture has facilitated coping up with strategic management challenges. Most of the respondents are seen to encourage flexibility of FBL cultures. The challenges so far observed according to the respondents include organizational structure, financial constraints, motivational challenges, political challenges and technological challenges (Arabi, 2002).

The reason they gave are that routine brings in monotony of service, new skills improves innovation and any change that comes in is like rest to most of the services available. Where there is no changes of service as stated by the respondents ignites laxity and most of the time as new technology is instills adamancy to change becomes order of the day.

From the study, the respondents were asked whether having well defined employees' roles has facilitated efficiency in strategy management. The respondents agreed to having well defined roles of employees which has really improved efficiency in strategy management. Most of the respondent the idea by saying that specialty makes the profession unique and roles and duties define departments as well as individuals. It is easier to locate an individual when files are moving within the banking hall and service location since most of the departments are scattered within the building and line of communication differs as the records are supposed to be cleared within a short period of time to enhance service delivery (Mushtaq, 2008).The researcher wanted to find out whether, having a well-defined structural framework makes a strategic management easier.

The respondents say that, they find it easier when they have a well-structured line of communication. This is because in most cases they can account on every progress they work on and they can predict on the progress as time moves. They say where poor communication structure is there no progress can be expected (Mushtaq, 2008). Feedbacks are often expected to be taking short time when a predictable response can be through one line of communication is achieved. Advice that is reliable and enhancement on the trust of FBL staff is achieved through such predictable processes.

4.5 Discussions

This study had two objectives which were to determine the strategic management practices adopted and establish the challenges of strategic management faced by the bank. In relation to the strategic management practices adopted by FBL, the study revealed that the senior management in FBL has adopted varied strategic management practices and they dedicate a lot of time, man power, technology and resources during the entire strategic management process. This is consistent with the literature where according to Strickland (1996), strategic management practice is the process where managers establish the firm's long - term direction, set specific performance objectives; develop strategies to achieve these objectives in the light of all the relevant internal and external circumstances, and undertake to execute the chosen action plans.

The senior management implements the strategic management practices while following the six steps of the strategic management process. This is also consistent with the literature according to Pearce and Robinson (2007) which lists the six steps of the strategic management process as formulation of the company's mission and vision, situation analysis, determination of the strategic objectives, strategic analysis and choice, implementation of the strategy and finally strategic evaluation and control.

The senior management in FBL gathers and analyzes data about the market and other external or internal factors which affect its operation and business. This is done on an annual basis just before the main strategy session due to the rapid changes in consumer behavior. This practice is consistent with the literature, where according to Humphrey Albert, 2005; a company carries out situational analysis by focusing on the internal environment of the firm as well as the external environment surrounding the firm.

Management does this by carrying out a SWOT analysis which is a structured planning method used to evaluate the Strengths, Weaknesses, Opportunities and Threats involved in a project or in a business venture (Pearce and Robinson, 2007).

The senior management in FBL reviews the strategic management decisions. The reviews are carried out at different levels. This depends on the dynamics of the market or changes in policies governing the banks operations. This may force the bank to review its strategic management decisions to align itself with the changes. This is consistent with the literature where strategic analysis and choice in the banking industry is demonstrated by Ndungu et al (2014) in their study of the Response Strategies by Commercial Banks to Economic Changes in Kenya. For firms to be able therefore to stay ahead of competition, it was noted that it was imperative for the organizations to continually scan the environment so that the organizations adjust their strategic responses to accommodate the demands of the environment. The senior management in FBL ensures that employees at all levels are involved in the strategic management process. It starts with the senior team and then it is cascaded downwards through regions and branch managers who cascade to the rest of the staff. This is consistent with the findings according to a study carried out at the University of Nairobi titled Integrating Strategy Formulation and Implementation, A Case of the Commercial Banking Industry in Kenya (Mungai, 2012).

The study sought to analyze the integration of strategy formulation and implementation in Kenya with an emphasis on the commercial banking industry. The study revealed that the directors and the chief executive officers were the most heavily involved in formulation of the strategy with the employees being involved heavily during implementation of the strategy. It was further observed that all companies considered implementation issues during formulation (Mungai, 2012).

Culture is flexible and allows changes to take place as stated by the respondents. Many of the respondents are seen to have taken the initiative to take advantage of such cultures as it favors majority for growth and enhance the service delivery as many take it as position to learn better skills. The respondents have been seen not easily adjust to the changes in the work FBL environment since most of them have had bad experience in many instance at the FBL. Many through multi-tasking have been able to have losses that have coasted their jobs through such adjusting to changes (Strickland, 1996).

Copping up with challenges facilitated by cultural flexibility and adaptability has not been easy for the respondent since it has caused more damages to most of them. Some with more experience in the field have learnt the hard way and gotten experience that has helped them to gain skills in predicting risks and looking for proper mitigation measures which enhances service delivery (Strickland, 1996). Culture of the bank has through the rules and regulations besides the welfare rules and office rules that managed to dictate the moves for the process of particular activities within the FBL.

Well taken care of culture has been seen to influence the strategic management that later affects the management functions which is paramount in moving the organization ahead (Pearce and Robinson, 2007). Better strategic management practices influences the organization culture bas observed through the areas of adoption to changes which reflects on teamwork and implementation of strategies efficiently, adjusting to changes facilitated by innovativeness in strategic management, flexibility of FBL culture, a well-defined role which facilitates efficiency in service delivery among others.

The project was to determine the strategic management practices adopted by family bank, organizational culture adopted by FBL and thirdly how strategic management practices influence organizational culture. The findings showed the organizational had adopted strategic management practices for example mission and vision and strategic plans that were implemented annually by the management.The bank was proactive towards adopting flexible culture that enabled the employees to serve the customers better this was through innovations and training of the staff. Challenges faced were mainly financial constraints by the organization and resist by the staff who felt they were not involved enough in the formulation process.

4.5.1 Comparison with Empirical Studies

The research filled in the study is that strategic management practices and organization culture principled by the areas of culture practices and strategic management have received slow adoption that widen the gap in the achievement of the goals and objectives of the institution of banking which is well captured attributed to technology (Mushtaq, 2008).

Organization culture as an organization dynamics has been featured to have behavior influence towards the adoption of the new ideas that are introduced in the organization and seen from the response which is backed up by the respondents (Kennedy, 2000).

Strategy formulation & implementation is seen to affect most of the often seen as comprehensive strategy in decision which is formulated and has significant difficulties arise during the subsequent implementation process (Poister & Streib, 2005). This is seen from the study where responses results to adoption of the SWOT analysis which is seen working in higher levels of management and lower as well.

4.5.2 Comparison with Theory

Resource based theory views the organization as a collection of capabilities or assets. Organization culture and strategic management in the current economy means a lot in the assets and capabilities that are intangible (Mushtaq, 2008; Schein, 1996). Most firms have success based on those capabilities. The research study portrays the dependency on such theory in the success and progress of day today management and successes.

The products and services are the key in delivery for the banks including FBL. The innovation generated is majorly on the customer and product delivery which the capabilities in terms of the intangible items that has influenced on the end product of achievements of the goals and objectives (Kennedy, 2000). The situation analysis focusing on the internal environment of the organization as well as external surrounding is paramount and exhibits points in the SWOT analysis (Okumu, 2003; Poister & Streib, 2005).

4.6 Chapter Summary

The study is a qualitative data and so interview schedule was used to collect data. The data was collected from the seven respondents who are involved in the strategic management and organizational culture. These respondents are in the categories of Head of Strategy & New Business, Finance Director and Retail Director in Family Bank. The respondents were approached from their offices which made them be at ease to well respond to the questions asked.

The chapter covered the strategic management practices adopted by Family Bank and Organizational culture.it covered how the strategic management practices influence the organizational culture, the findings showed how the Family Bank adopted the practices.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter will discuss the summary of the study. This will be followed by the conclusions of the study. It will also detail the recommendations of the study which include the implications for theory development, recommendations for management policy and recommendations for managerial practices. It will also discuss the limitations of the study and finally give suggestions for further research.

5.2 Summary

In relation to the strategic management practices adopted by FBL, the study revealed that there are various strategic management practices adopted by the bank. The interviewees stated that FBL has formulated the banks Mission and Vision statements. These statements are formulated after confirmation with the Board of Directors since the board can decide to change the statements. They all agreed that the statements are communicated to the employees during the rolling out of the bank's strategy.

The interviewees stated that FBL conducts situation analysis. This is done by periodically gathering and analyzing data about the market and other external or internal factors which affects its operations and business. The SWOT analysis is carried out so that management can determine how they can maximize on their strengths, improve on their weaknesses, exploit the opportunities and mitigate threats to the business.

The interviewees stated that the analysis is done on a quarterly basis. This is because during that time, banks are reporting their performance. Therefore, FBL is able to compare its performance with other competing banks and in addition, find out what is happening in the market. Analysis is also carried out on an annual basis due to the rapid changes in consumer behavior.

The study revealed that FBL has strategic objectives. The interviewees stated that FBL has both long term and short term objectives. These objectives may vary every year while others may change mid-way. The interviewees revealed that the objectives included technology and innovation, business efficiency and growth, consolidation of regional business, customer service, sustainability and lastly business opportunities.

The study revealed that reviews of strategic management decisions in FBL are carried out in at different levels. This depends on the dynamics of the market or changes in policies governing the banks operations. The interviewees stated that this may force the bank to review its strategic management decisions to align itself with the changes. Monthly reviews are carried out so as to monitor performance as an ongoing process. This is followed by quarterly reviews or at the end of every three months which are carried out both at the business and individual level. Reviews are also carried out on a five year basis. The interviewee explained that this is due to the rapidly changing consumer behavior, the volatile macro environment and the general international changes. The study revealed that senior management brief employees on the strategic management plan before implementation of the strategy. The interviewees stated that this is done because strategy belongs to the institution to be implemented. It therefore has to be aligned with the staff roles who know customer needs.

5.3 Conclusion

Between the years 2010 to 2012, that is 2 years, FBL has been seen to be the fastest growing bank in the banking industry in Kenya surpassing other banks in the industry that had consistent performance over those years. The study concludes that the senior management in FBL has adopted strategic management practices which have enabled them achieve the great mile stones in the banking industry in Kenya. In relation to the strategic management practices adopted by FBL, the study concludes that FBL has formulated the banks Mission and Vision statements which are communicated to the employees during the rolling out of the bank's strategy. This is because the vision and mission statements show the employees the direction the bank is heading and what it would want to achieve over the years. Situation analysis is carried out periodically gathering and analyzing data about the market and other external or internal factors which affects its operations and business.

FBL has both long term and short term objectives which included technology and innovation, business efficiency and growth, consolidation of regional business, customer service, sustainability and lastly business opportunities. Reviews of strategic management decisions in FBL are carried out at different levels depending on the dynamics of the market or changes in policies governing the banks operations. Senior management brief employees on the strategic management plan before implementation of the strategy. This is done because strategy belongs to the institution to be implemented. It therefore has to be aligned with the staff roles who know customer needs.

The study concludes that FBL faces various challenges of strategic management. In relation to the organization structure, the challenge is seen in the frequent change of top management. This becomes a hindrance in ensuring uninterrupted continuity of the implementation of strategic management practices. The issues revolving around organization structure may not always be viewed as challenges but also as opportunities. This is because FBL is coming up with customer focused ways of selling to customers based on their needs. The challenges in relation to monitoring the implementation of the strategic management come when the bank as a whole does not gain alignment of the staff's job descriptions to the overall objectives of the bank. There are challenges in relation to financial constraints because FBL relies on funding from its customers and shareholders. This implies that there are limited resources.

The challenges faced when implementing strategic management practices on operational responsibilities are minimal. This is because at the micro level which includes the departmental or branch level, the roles are very clear. The technological challenges during the implementation of strategic management practices arise due to the fact that technology has a short life span. FBL therefore has to keep upraising its technology every year so as to keep the customers happy.

5.4 Recommendations and Implications of the Study

According to the findings it is recommended that organization should be proactive towards setting their long term and short term goals and objectives timely in order to have a guide line that will guide the bank towards it is strategic plan, periodic situation analysis should be carried out in order to assist in the organization SWOT analysis. Also the organization should communicate to the employees the mission and vision and the strategic management plan before implementation this will create a sense of ownership and belonging by the employees towards achieving the goals and reduce conflict in the organization.

It is also recommended that frequent job analysis should be carried out in order to match employees abilities with their job description the human resource function should therefore have frequent trainings and career development programmes for their staff. Training which is about gaining the skills needed for a job is vital in attaining desired results. It may be learned at the place of work i.e. on-the-job or away from work i.e. off-the-job. On-the-job training is most recommended here because it is more cost-effective and relevant. Off-the-job training which is usually carried out by professional trainers away from the distractions of work is more of theory than practice. Development of the top management is also recommended so as to make them more efficient at a job or capable of facing different responsibilities and challenges. Development which concentrates on the broader skills that are applicable to a wider variety of situations, such as thinking creatively, decision-making and managing people is highly recommended

As a strategic management practice and culture, the study revealed that FBL reviews strategic management decisions. This depends on the dynamics of the market or changes in policies governing the banks operations. This may force the bank to review its strategic management decisions to align itself with the changes. This implies that FBL does not limit itself to the theory but allows for flexibility to amend its strategies in response to the changes in the environment.

The study revealed that FBL has adopted the inclusion of an emerging and evolutionary process. This is where the bank encounters a process that was not initially in the plan, but since it meets the overall objective and is useful, the process is included. Senior management should therefore not be limited to laid down theories, but allow for flexibility when coming up with strategies for their institutions.

The study revealed that FBL faces various challenges. These include challenges in organizational structure, financial constraints, motivational challenges, political challenges and technological challenges. The study revealed that the FBL has various sets of learned processes and activities that enable the bank to produce a particular outcome. These are like best practices. These practices are distinctive, that is, unique to FBL and are rooted in the bank's history. They are captured not just in routines, but in business models that go back decades and that are difficult to imitate. In Addition, FBL mitigates the challenges faced by the efficient application of all useful resources. This enables the bank determine its competitive advantage. FBL has over the year's attained competitive advantage from its consistent high performance routines operating inside the firm, embedded in the firm's processes, and conditioned by its history.

The study revealed that senior management at FBL strive to make the culture and strategic management process as inclusive as possible from the lower level employees to senior management. The study revealed that the CEO takes formal responsibility for the banks strategic management and culture planning. In addition, the study revealed that members of staff are briefed and taken through the strategic management plan before implementation.

The study revealed that senior management achieve these objectives through their employees by ensuring that the daily job descriptions of each employee all contributes towards achieving the overall objective of the bank. Senior management in FBL use a performance management tool referred to as an Individual Balanced Score Card. This BSC is reflective of the action plans agreed upon by the board and represents bits of the overall strategy. Senior management in other banks should also introduce this performance measurement tool as it ensures that all employees play their role and achieve their targets towards the overall objective of the bank.

In relation to challenges, the bank mitigates resistance to change by ensuring that there is staff involvement during the development of strategy. FBL employs both top down and bottom communication when coming up with strategy. As a result, employees have a sense of belonging towards the bank. The employees are also motivated to achieve their own targets because as in so doing, they will ensure than the bank as a whole achieves its overall objectives.

The study revealed that FBL has clearly defined mission and vision statements. These statements are communicated to members of staff during the rolling out of strategy. The mission and vision statements state where the bank is heading and what it would like to achieve in future. The senior management has to come up with ways to reach its ultimate goal. This is done by senior management coming up with strategic objectives which include technology and innovation, business efficiency and growth, consolidation of regional business, customer service, sustainability and new business opportunities.

The study also used case study method to carry out the study. Case studies are usually biased as the method of data collection relied upon was the use of interview guides which were administered to the interviewees on a one on one basis. This therefore suffers from bias of responses from the interviewees.

5.5 Limitations of the Study

This study focused on FBL. The results of this study are therefore limited to FBL and may not necessarily be applicable in other financial institutions. Therefore, attempts to interpret the results in other financial institutions should be approached with care. The study also focused on strategic management practices and organization culture in FBL. Thus the scope of the study was limited to the strategic management practices and organization culture in FBL and not any other concept. This limits the results.

The interviewees explained that this is done so as to create a sense of ownership and to ensure that employees feel part of the entire process since they are the ones to implement the strategy and culture. Senior management in the banking industry should ensure that that they include employees at all levels of management since it is evident that it has worked positively for FBL as seen in their consistent high performance. The senior management has come up with various ways to mitigate the challenges of strategic management faced by the bank. In relation to challenges faced when monitoring, the senior management has to ensure that the daily job descriptions of employees are set so that they all contribute to the overall objective of the bank. The banks financial targets are also divided among all employees as targets. Management in other financial institutions should therefore ensure that the roles and responsibilities of their staff all contribute towards the overall objective of their institutions.

5.6 Suggestions for Further Research

The study was limited to FBL where the researcher sought to determine the strategic management practices and organization culture in FBL. Further research could be carried to determine how FBL can mitigate the strategic management challenges faced and how to strengthen organization culture. Further research could also be carried out to determine the strategic management practices adopted by other financial institutions that have excelled in the banking industry. This will guide other banks in the industry on how to come up with strategies that will enable them achieve their overall objectives.

further studies can be done to establish how to improve the conservation banking operations in the banking sector through adoption of other practices such as strategic leadership, in order to empower employees to carry out their duties with utmost diligence when implementing strategic practices, a study on how to deal with management in strategic change so as to equip organizations on how to deal with changes in their organizations, change can be either job descriptions or in technology.

The chapter covered conclusions of the study based on the findings, recommendations of the study, limitations of the stud and suggestions for further research.FBL should conduct periodic analysis on it is competitors, customers and analyses the SWOT analysis, in order to have a competitive edge over the competitors.it was recommended that the organization should be proactive towards implementing policies and strategic management through acquiring new technology and training of the staff. The project also revealed that FBL should review it is polices and management decision in order to keep up with the market dynamics.

5.7 Chapter Summary

The chapter presented a summary of the study, conclusion and recommendation. This is followed by suggestion of further studies which is meant help suggest more areas that can be research on in order to improve the area of study as well as the gaps that might be studied by other researchers.

The chapter covered conclusions of the study based on the findings, recommendations of the study, limitations of the study and suggestions for further studies and research. The organization should conduct periodic analysis on it is competitors, customers and analyses the SWOT analysis in order to have a competitive advantage.

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APPENDIX

INTERVIEW GUIDE

STRATEGIC MANAGEMENT PRACTICES AND ORGANIZATIONAL CULTURE AT FAMILY BANK LIMITED KENYA

Part A: General Information

Name of Branch..

Date of Survey...

Job title...

Department...

Part B: Strategic Management Practices and organizational culture

i. Situational Analysis Practices

1. Does Family bank limited periodically gathers and analyze data about the market and other external or internal factors which affect its operation and business?

2. How often do they gather and analyze this data?

3. Does the external or internal market analysis identify key strengths, weaknesses, opportunities and threats to the business?

4. How does it identify key strengths, weaknesses, opportunities and threats to the business?

ii. Formulation Practices

1. Does the chief executive officer take formal responsibility for the bank's strategic management planning?

2. If yes, how does he take this responsibility?

3. If no, why doesn't he take this responsibility?

4. Is Strategic Management Practice a top priority activity in Family bank limited?

5. Does Family bank limited provides resources earmarked specifically for strategic management planning?

6. Which resources are they?

7. Does Family bank limited hires the services of a consultant in the process of Strategic management development?

8. What roles does the consultant play?

9. Why don't they hire consultants?

10. Are members of staff briefed and taken through the strategic management plan before implementation?

11. Why are they briefed?

12. Why are they not briefed?

iii. Implementation Practices

1. Does Family bank limited has a written mission and vision statements?

2. Does Family bank limited management come up with ways to ensure that all staff are aware of the mission and vision statement?

4. Why don’t they come up with ways to ensure that all staff are aware of the mission and vision statement?

5. Does Family bank limited has strategic objectives?

6. What strategic objectives are they?

7. Have the strategic objectives had any effect on strategy?

iv. Evaluation Practices

1. Does Family bank limited set clearly defined and measurable performance targets for each strategic management plan element? Which ones are they?

2. Does Family bank limited conduct perception surveys to gauge staff and customer satisfaction?

3. How often are the surveys conducted? What were the results of the most recent perception surveys carried out for staff and customers?

4. Does Family bank limited review strategic management decisions?

5. How often does Family bank limited review strategic management decisions?

6. Give an account of the most recent reviews

7. What other strategic management practices would you say Family bank limited has adopted?

Part C: Organizational Culture adopted by Family Bank limited

1. Is your culture flexible and does it allow changes to take place?

2. Can you easily adjust to the changes in the work environment?

3. Doyou find it easy to adjust to the structural changes in your work environment?

4. Do you have a culture that is responsive to dynamic work environment?

5. Do have a well defined task for your employees?

6. Are your employees known by their roles and not as individuals?

Part D: How Strategic Management Practices influence on Organizational Culture

1. Does your adaptive culture facilitate fast executive of tasks?

2. Do easily adopting to changes in environment make you be able to teamwork and implement strategies efficiently?

3. Do you find it easy to adjust and has it facilitated innovativeness in strategy management?

4. Has flexibility of your culture facilitated coping up with strategic management challenges?

5. Has well defined employees' roles facilitated efficiency in strategy management?

6. Does a well-defined structural framework make a strategic management easier?

Appendix 2:Budget

Item description	Cost
Transport	10,000
Stationery	5000
Printing	5000
Photocopy	4500
Binding	2000
Internet	3000
Mobile calls	3000
Miscellaneous	3000
Totals	**35,500**

Source Author (2015)

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DATE 07/09/2015

TO WHOM IT MAY CONCERN

The bearer of this letter IRENE WAMBUI WAITHERA

Registration No. D61/70901/2014

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

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7 SEP 2015
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PATRICK NYABUTO
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