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INFLUENCE OF MARKET CULTURE ON PERFORMANCE OF THE LISTED BANKS IN KENYA

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Abstract
The banking industry plays an important role in the development of a country. For sustainable economic growth, a country must have a strong banking sector. However, there have been challenges in robustness of banks' performance as a result of the current operating environment. This has resulted to loss of jobs, locking in of customer's deposits, erosion of shareholder's wealth as well as a slowdown in economic growth of their countries. To enable optimal operation of banks' within the current changing environment, it is prudent for management of the banks' to study their strengths which may be a competitive advantage. Organization culture has been selected for this study as one of the strengths that an organization can utilize to exploit the opportunities in the environment and therefore boost its performance in line with stakeholders' expectations. This study sought to determine the influence of market culture on performance of the listed banks in Kenya. The study is of great significance to the management of the Banks in that they will know whether market culture can give them an edge to enhance their performance. The relationship between culture and performance has been studied by previous scholars. From the existing literature, organizational culture has been operationalized in different ways. This study adopted a different paradigm of the Competing Values Framework (CVF). Therefore, the independent variable for the research was one of the CVF culture namely market culture. On the other side, the dependent variable for the research was the organization performance which was measured in both qualitative and quantitative ways using return on assets, customer experience ratings and staff satisfaction index. Strategic leadership was taken as the moderating variable between the relationship of market culture and performance. This study adopted a descriptive research design. The population of the study was composed of all the licensed and listed commercial banks in the Nairobi Securities Exchange (NSE). For the study, multi-stage sampling was deployed and convenience and purposive sampling designs were used to come up with a sample of 100 respondents who were interviewed using questionnaires. Secondary data on the financial results was collected using data collection sheets. The data was analyzed for descriptive statistics and inferential statistics. Market culture emerged as a strong predictor of the banks performance. Strategic leadership was found to have a significant moderating effect on the relationship between market culture and performance. The key findings were that market culture has a significant influence on the banks performance. The study recommends that banks should focus on providing specific customer's need through research and avoid general products and services. The study also recommends that banks should be market led, innovative and customer focused.

Key Words: Organization Culture, Competing Values Framework, Market Culture, Organizational Performance

Vol. 2, No. 03; 2018

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INTRODUCTION

Background of the Study

Modern organizations are characterized by high demands in performance owing to a tumultuous business environment defined by globalization, technological changes and competitiveness (Bateman & Snell, 2013). The banking sector is one of the most dynamic sectors which is heavily susceptible to these environmental changes. Among the factors influencing the banking industry are the changes in the macro environment like the dynamic economic conditions, liberalization of the markets as a result of economic integration blocks, regulatory changes like the recent capping of interest rates in Kenya, changes in international reporting standards like IFRS 9 and the entry of new aggressive competitors in the marketplace like the Telcos and Fintechs (Carton, 2013). With this kind of environment, the strategic decision makers in these organizations must get ways of raising the performance in order to satisfy their stakeholders.

The challenges of performance have been witnessed globally like the European banking crisis in the year 2008 which was caused by changes in the economic conditions (Kosmidou & Zopounidis, 2012). The Lehman Brothers is a classic case of a bank that collapsed as a result of poor performance of its mortgage business. This collapse led to a 73% loss in shareholders' value as well as loss of 2,500 jobs out of 15,000 employees. Wells Fargo bank in the US is also another example of a bank that has collapsed recently due to poor performance. The collapse led to loss of 5,300 jobs in one instance (Lehman, 2012).

At the regional level we have African Bank in South Africa that collapsed due to poor performance caused by bad debts as a result of unsecured lending. The collapse led to a drop in the share price of the Bank from R6.86 to R0.31 which is a 95% erosion of shareholders wealth (Matoti, 2014). At the national level (Kenya), the performance of Dubai Bank, Imperial Bank and Chase Bank were below the CBK thresholds as pertains to liquidity ratio, lending practices and insider lending respectively. The insider lending at Chase Bank was estimated Ksh 8 billion out of a total loan book of Ksh 73.6 billion at the time of closure (CBK, 2016). The three banks were put under liquidation due to their performance outside the set thresholds by CBK thereby locking in customer's deposits estimated at Ksh 58billion out of a deposit base of Ksh 94billion in Imperial Bank alone as well as loss of jobs to the staff who were working there (CBK, 2016). The financial performance of the Banks in Kenya has also been put under a lot of pressure from the changes in legislation among them the law seeking to cap the interest rate which has seen Banks reporting a 50% drop in interest income for the third quarter of 2016 (CBK, 2016).

This has seen banks come up with cost cutting measures in a bid to boost performance among them laying-off staff members. Over the fourth quarter of 2016, KCB laid off 500 staff, Equity Bank 400 and Sidian Bank 108 staff. First Community Bank also closed half of its branches to reduce on operating cost (KBA, 2016). The shareholders wealth for the Banks in Kenya was also wiped out significantly as a result of not meeting their performance expectations in the last quarter of 2016 with Banks like KCB and Equity trading at 50% of the value they were trading at the NSE when the year began (NSE, 2016).

Another performance challenge facing the local banking industry is the competition that is coming from non-traditional sources like the Telcos. In Kenya, the popularity of the mobile money transfer platforms like MPESA and Airtel money has hurt the performance of banks. This is because the traditional customers who used to visit the banks for money transfer services no longer have to do it but instead prefer to transact from their phones at the comfort of their premises. The migration of customers from banks to the mobile money transfer platforms has seen the bank's transaction income shrink judging from the amount of revenues that are reported by the mobile money transfer providers. For example; the MPESA revenues were reported to be at Ksh 41.5 billion for the year 2016. Part of this income would have been reported by banks under the money transfer income if the mobile platforms were not there (Safaricom, 2016).

A review of the general banking products reveals that the products are largely the same and are not hard to imitate (Oloo, 2016). The products may therefore not give banks a competitive advantage. To be able to compete in this highly competitive environment, banks have put focus on soft issues like customer service, corporate social responsibility, and diversity in corporate governance as well as focus on the organization culture so as to gain a competitive edge that may not be replicated (Mwangi & Musau, 2015). Focus on organization culture has therefore gained importance in recent years due to the impact that it has on performance of an organization. The right organization culture may foster the performance of an organization through alignment of people with the vision and mission, creating transparency and accountability, acting on insights, having the right conflict resolution mechanism as well as having a common trust in data (Branson, 2014).

Statement of the Problem

The banking industry plays an important role in the economy including being an intermediator between the depositors, borrowers and investors. In the banking sector, channeling of the savings into productive activities is crucial for growth of an economy (Allen & Carletti, 2012). However, there have been challenges in robustness of banks' performance as a result of the current operating environment. Emerging evidence shows that competition from non-traditional players like telcos, fintechs and regulatory changes which include the recent interest capping law in Kenya and reporting standard (IFRS 9) have seen most banks report a 50% drop on the interest income (CBK, 2016). Such drops have seen some banks downsize or close thereby shedding off some staff, lock in customers' deposits as well as erosion of shareholders wealth. For instance, closure of the Imperial Bank in Kenya led to locking in of customer's deposits estimated at Ksh 58billion out of total deposits of Ksh 94billion (CBK, 2016). There was also loss of over 1,000 jobs in the entire banking industry in Kenya in the last quarter of 2016 alone (KBA, 2016).

To enable optimal operation of banks' within the current changing environment, it may be prudent for management of the banks' to study their strengths which may be a competitive advantage. Cole (2014) stated that organization culture is one of the strengths that an organization can utilize to exploit the opportunities in the environment. Lawson, Hatch and Desroches (2015) also found that organization culture may give an organization an edge and therefore boost its performance in line with stakeholders' expectations.

The relationship between culture and performance has been studied by previous scholars. More recently, Lee and Yu (2014) presented results to the effect that organization culture could be a predictor for organization's performance (Lee & Yu, 2014). From the existing literature, organizational culture has been operationalized in different ways which include Kofi, Owusu-Ansah (2013) who conceptualized organizational culture using the Denison cultural model of involvement, consistency, adaptability and mission. Another study by Lawson, Hatch and Desroches (2015) conceptualized culture as mission, vision, corporate philosophies and corporate values. It is therefore feasible to consider organizational culture from a different paradigm in view of the Competing Values Framework. The methodology adopted by some scholars also differs from the current study like the one by Kofi and Owusu-Ansah (2013) who used the Denison Organization Culture Survey Instrument (OCSI) which has 60 items on a five point Likert scale whereas this study used the Cameron and Quinn OCAI which has 7 cultural dimensions on the four culture types (28 items). More so, the mentioned studies including that of Han and Verma (2012) were in the context of Western countries.

General Objective

To determine the influence of organization culture on performance of the listed banks in Kenya.

Specific Objectives

1. To establish the influence of market culture on performance.
2. To determine the moderating effect of strategic leadership on the relationship between market culture and performance.

LITERATURE REVIEW

The Scientific Management Theory

Frederick Taylor's theory of scientific management was founded between 1856 and 1915. The theory developed techniques for improving the efficiency of the work process thereby improving the performance in an organization. His major focus was on the task rather than people. Based on a systematic study of people, tasks and work behavior, Taylor's theory broke the work process down into the smallest possible units, or sub-tasks, in an effort to determine the most efficient

Vol. 2, No. 03; 2018

ISSN: 2456-7760

method possible for completing a particular job. Taylor's method consisted of testing the completion of various tasks to determine the optimal amount of work that could be accomplished within a certain time period. Taylor's management theory asserts that organizations should identify the best way to do a job, train workers to handle each element in a pre-determined manner and set up an equitable system of rewards for improved productivity. With a background in mechanical engineering, Taylor was very interested in efficiency and he therefore designed workplace experiments to determine optimal performance levels (Taylor, 2012).

The theory applied scientific method to study the optimal way to do any type of workplace task. Taylor came up with four principles as follows: Replace working by "rule of thumb," or simple habit and common sense, and instead use the scientific method to study work and determine the most efficient way to perform specific tasks and improve on performance; Rather than simply assign workers to just any job, match workers to their jobs based on capability and motivation, and train them to work at maximum efficiency; Monitor worker performance, and provide instructions and supervision to ensure that they're using the most efficient ways of working; Allocate the work between managers and workers so that the managers spend their time planning and training, allowing the workers to perform their tasks efficiently (Cole, 2014).

The theory however ignores the workers welfare. Taylor's Scientific Management put unnecessary pressures on the employees to perform the work faster. Importance was given to productivity and profitability. This resulted in exploitation of the employees. Therefore, many employees joined trade unions. This also resulted in mistrust between management and employees. This contradicts with the Human relations management theory that states the importance of focusing at the worker rather than the task. The theory also has a mechanical approach, it gave too much importance to efficiency. It did not consider the human element but instead considered workers as robots, which could speed up the work at any cost.

The theory also assumes individualistic approach to work. Taylor's scientific management gives too much importance to individual performance and not to group performance. However, the success of an organization depends not only on individual performance of workers, but also on group performance of workers. The theory also assumes that workers are motivated only by financial gains. However, in reality, workers are motivated not only by financial incentives but also by social needs and personal egos. The theory also has a narrow application. It can be applied only when the performance of the workers can be measured quantitatively (Taylor, 2012).

For the current study market culture has been chosen as the first variable, and linking to this theory, the indicators of market culture were found to be customer focus and products focus. This can be equated to task focus in this theory where the organization main focus is on getting the right products at the right cost or getting the right market for those products.

The Competing Values Framework Model

Vol. 2, No. 03; 2018

ISSN: 2456-7760

The Competing Values Framework model was initially developed from research conducted by University of Michigan faculty members led by Kim Cameron on the major indicators of organizational performance. It has been found to be an extremely useful model for organizing and understanding a wide variety of organizational and individual phenomena, including theories of organizational effectiveness, leadership competencies, organizational culture, organizational design, stages of life cycle development, organizational quality, leadership roles, financial strategy, information processing, and brain functioning. The robustness of the framework is one of its greatest strengths. In fact, the framework has been identified as one of the 40 most important frameworks in the history of business (Cameron & Quinn, 2012).

Approximately 20 years ago, the framework emerged from research on the criteria that predict if an organization performs effectively. Those investigations were followed by studies of organizational culture, leadership roles, management skills, and information processing styles. From these empirical studies, two major dimensions consistently emerged. One dimension differentiates an emphasis on flexibility, discretion, and dynamism from an emphasis on stability, order, and control. For example, some organizations are viewed as performing effectively if they are changing, adaptable, and transformational. Other organizations are viewed as performing effectively if they are stable, predictable, and consistent. The second dimension differentiates an internal orientation with a focus on integration, collaboration, and unity from an external orientation with a focus on differentiation, competition, and rivalry. For example, some organizations are viewed to be performing effectively if they have harmonious internal relationships and processes. Others are judged to be performing effectively if they successfully compete against others and establish a market niche (Lee & Yu, 2014).

Together these dimensions form four quadrants, each representing a distinct set of organizational factors. They identify, for example, the criteria of performance success that must be pursued by organizations, the leadership and managerial competencies that are most effective, the underlying culture of organizations, and so on. What is notable about these four core values is that they represent opposite or competing assumptions. Each dimension highlights a core value that is opposite from the value on the other end of the continuum-i.e. flexibility versus stability, internal versus external. The dimensions, therefore, produce quadrants that are also contradictory or competing on the diagonal. The upper left quadrant identifies values that emphasize an internal, organic focus, whereas the lower right quadrant identifies values that emphasize external, control focus. Similarly, the upper right quadrant identifies values that emphasize external, organic focus whereas the lower left quadrant emphasizes internal, control values. These competing or opposite values in each quadrant give rise the name for the model (Competing Values Framework) and results to four cultures; Market, Adhocracy, Clan and Hierarchy cultures (Cameron & Quinn, 2012).

Competing Values Framework model was taken for this research based on the following factors. The model has a proven link to organizational performance in that it provides organizations with an easy to interpret, business-friendly approach to performance improvement that is based on

Vol. 2, No. 03; 2018

ISSN: 2456-7760

sound research principles. The Competing Values Framework model links organizational culture to organizational performance metrics such as sales growth, return on equity (ROE), return on investment (ROI), customer satisfaction, innovation, employee satisfaction, quality and more. The model has also been deployed successfully in over 5,000 organizations around the world in a wide variety of situations from culture change, transformation, turnaround, new leader transitions to mergers and acquisitions. The model has been tested and has proven reliability and validity based on over 25 years of research. It is also applicable to a broad spectrum of organizations in a variety of industries globally and provides results compared to a normative benchmarking database. The model also ties survey results to bottom line performance metrics through statistical analysis (Cameron & Quinn, 2012).

Organization Culture

The culture of an organization can be defined as the embodiment of its collective systems, beliefs, norms, ideologies, myths and rituals (Denison, 2012). The collective system can motivate people and can become valuable source of efficiency and effectiveness. A clear distinction can however, be made between those who think of culture as a metaphor which allows for the understanding of organizations in terms of other complex entities such as the machine and the organism and those who think of culture as an objective entity with personality. While there is no consensus on the components of organizational culture, most authors agree that it is: holistic, inter-subjective and emotional, rather than strictly rational. Hofstede (2012) states that it is historically determined and needs to be taught to new members as the 'correct way' to perceive things; a collective phenomenon, socially constructed and shared by members of groups (Hofstede, 2012). Kotter (2012) asserts that culture is primarily ideational in character, having to do with meanings, understandings, beliefs, knowledge and other intangibles which govern people's lives and behavior patterns (Kotter, 2012).

Organization culture can also be defined as the pattern of shared values and beliefs that help individuals to understand organizational functioning and thus provide norms for behavior in the organization. Culture provides meaning to the members of the organization and outlasts organizational products, services, founders and leadership and all other physical attributes of the organization. Organization culture can also be looked at as the underlying values and attitudes which affect the way in which things are done (Schein, 2012). Organization culture is also as a system of shared activities, values and beliefs developed by the members of an organization, which guides the interaction between the members of the organization. Each individual has his or her own unique characteristics and styles of handling business. Different companies have their own unique cultures as well, which shape their operations (Denison, 2012).

Market culture from the CVF model focuses more on tasks. In this culture, there is work program that is competitive with high targets and always managed to achieve the job perfectly. In market culture, the organization gains effectiveness through aggressively competing and being customer focused which results to creating value in market share, goal achievement and profitability.

ISSN: 2456-7760

Gaining market share and profitability reflects an organizations performance. Organizations that have this type of culture are market led and are known to set 'big hairy and audacious goals' (BHAG targets) and focus more on the hard deliverables from the employees. The performance in these organizations is closely monitored. The organizations go to the market with force to compete with the other competitors and heavy marketing is witnessed in these organizations. Companies like Coca-Cola are known to adopt this type of culture in that they invest heavily on research and development as well as advertising. This kind of culture may therefore influence the performance of an organization (Child, 2014).

Clan culture also from the CVF model is relationship and family-oriented. There is sharing in this culture, people-oriented development and decision making that involves everyone. In a culture where people are being developed either through trainings, mentorship or coaching, the performance of the organization is likely to be influenced positively. An organization that has a culture that values staff, empathizes with their situations, motivates the staff, focuses on their welfare is also likely to perform better than the one that doesn't value staff (Brenner, 2016).

The third culture from CVF model is adhocracy culture which is entrepreneurial-oriented. In this culture, people dare to take risks in implementing decisions and actions that are creative and innovative. In adhocracy culture, organization effectiveness is based on innovativeness, vision and new resources which leads to innovative outputs, transformation and agility which translates to the performance of the organization. This kind of culture leads to innovative products, innovative way of doing things and discovery of new markets in an organization. Innovative ideas and products may lead to a company gaining an edge over its competitor's thereby recording better performance than them. On the other hand, innovations are quite costly and may burst on an organization especially if not taken well by the customers thereby making an organization to perform below the expectations of the various stakeholders (Tharp, 2014).

The last culture from the CVF model is hierarchy culture which is rule-bound. In this culture, each program is done with the principle of efficiency in accordance with strict control procedures. Organizations that have this type of culture focus more on efficiency which if it works leads to cost reduction. The organizations also focus a lot on following the laid down procedures for operation thereby ensuring that they do their operations within the confines of policies and procedures. Complying with policies and procedures may save the company un-necessary costs in terms of non-compliance penalties that they may get from regulators. Following the policies and procedures also ensures that the goods and services produced are of the right quality which could translate into higher sales. Cost reduction and higher sales are factors of performance and hence this type of culture may influence performance of an organization (Cameron & Quinn, 2012).

Strategic Leadership

Strategic leadership refers to a manager's potential to express a strategic vision for the organization and to motivate and persuade others to acquire that vision. The main objective of strategic leadership is to achieve strategic productivity. Another aim of strategic leadership is to develop an environment in which employees forecast the organization's needs in context of their own job. Strategic leaders encourage the employees in an organization to follow their own ideas. Strategic leaders make greater use of reward and incentive system for encouraging productive and quality employees to show much better performance for their organization.

Strategic leaders have the six essential skills of abilities to anticipate, challenge, interpret, decide, align, and learn which when mastered and used in concert, allow leaders to think strategically and navigate the unknown effectively. A strategic leader therefore is someone who is both resolute and flexible, persistent in the face of setbacks but also able to react strategically to environmental shifts and has learned to apply all the six skills at once. The questions to be asked to determine if one is a strategic leader are; do you have the right networks to help you see opportunities before competitors do, are you comfortable challenging your own and others' assumptions, can you get a diverse group to buy in to a common vision and do you learn from mistakes (Schoemaker, Krupp, & Howland, 2013).

On the ability to challenge, strategic leaders question the status quo. They challenge their own and others' assumptions and encourage divergent points of view. Only after careful reflection and examination of a problem through many lenses do they take decisive action. This requires patience, courage, and an open mind. To improve on the ability to challenge, leaders need to create a rotating position for the express purpose of questioning the status quo. Capture input from people not directly affected by a decision who may have a good perspective on the repercussions (Keyworth, 2014).

On the ability to decide, strategic leaders insist on multiple options at the outset and don't get prematurely locked into simplistic go/no-go choices. They don't shoot from the hip but follow a disciplined process that balances rigor with speed, considers the trade-offs involved, and takes both short- and long-term goals into account. In the end, strategic leaders must have the courage of their convictions informed by a robust decision process. On the ability to align, strategic leaders must be experts at finding common ground and achieving buy-in among stakeholders who have disparate views and agendas. This requires active outreach as success depends on proactive communication, trust building, and frequent engagement. To improve on the ability to align, leaders are encouraged to communicate early and often to combat the complaints in their organizations (Malby, 2014).

Organization Performance

Organization performance can be looked at from a quantitative and qualitative perspective. The quantitative aspect is more from the financial indices like the overall profitability of a company, return on investment, the turnover growth rate, Cost to income ratio, market growth rate etc. The qualitative aspect is more on soft parameters like employee morale, employee turnover,

Vol. 2, No. 03; 2018

ISSN: 2456-7760

employee's satisfaction, customer service levels etc (Lee & Yu, 2014). In previous researches on organizational performance, the following indices have been applied: share price, profit, sales volume, customers' satisfaction, productivity and quality of products. This paper adopted a mix of the two aspects and took return on assets, return on capital, customer experience ratings and staff satisfaction index as the indicators of organization performance.

Conceptual Framework

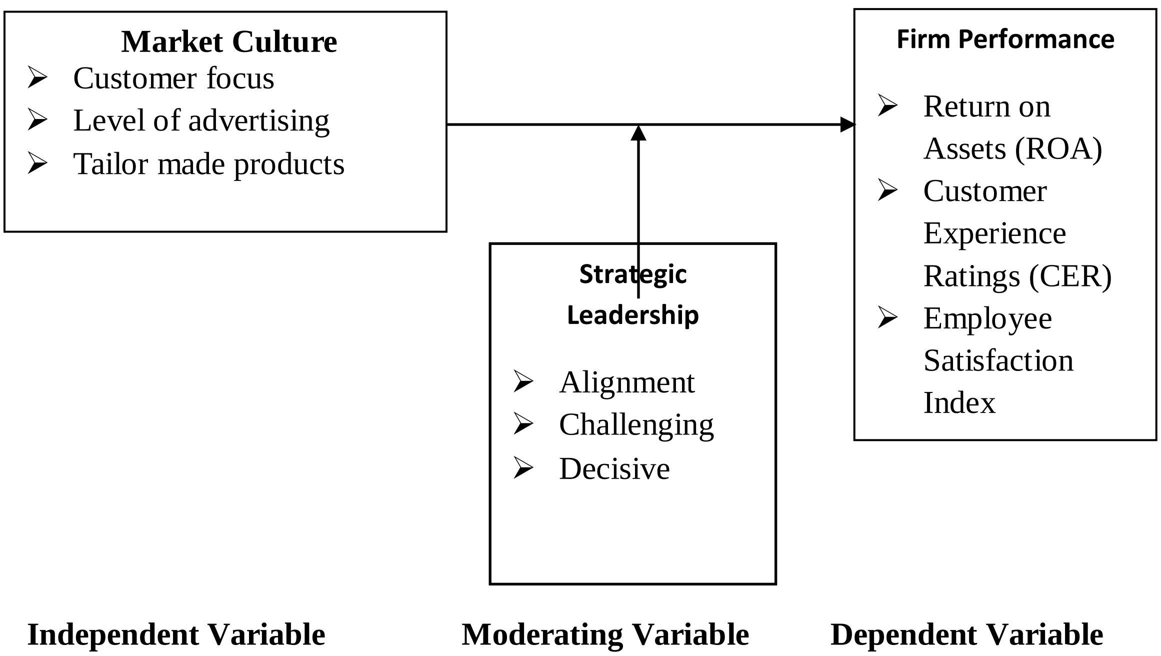

Figure 1: Conceptual Framework

RESEARCH METHODOLOGY

Research Design

This study employed a descriptive research design. A descriptive study describes or defines a subject, often by creating a profile of a group of problems, people, or events, through the collection of data and tabulation of the frequencies on research variables or their interaction (Nachmias & Nachmias, 2013). The descriptive design was chosen since the research was a case study on Kenyan banks. Descriptive research design was also used since it allowed gathering of information, summarizing, presentation and interpretation of data for purpose of clarification.

Population of the Study

The population of this study comprised of the commercial banks licensed by CBK as at June 2016 and listed at the NSE. The choice of the listed banks was done on the basis of the strict regulation that these banks face from both CBK and CMA as their regulators. CBK as the regulator is the one in charge of setting the operating and reporting standards of the commercial banks and therefore their data was deemed to be the most authoritative for the research (CBK, 2016). CMA as the regulator for the listed firms sets the standards for the disclosures that the firms should publish on a quarterly basis on their audited reports thereby giving credibility to their data (Oloo, 2016).

Sampling Frame

The sampling frame for this study was made up of all the registered commercial banks by CBK which had were listed by NSE as at June 2016. In this sampling frame, the sampling unit is the bank.

Sample and Sampling Techniques

For the study, multi-stage sampling was used. In stage one of the sampling process, all the listed banks within Nairobi County were considered using convenience sampling. In stage two, purposive sampling was used to select ten branches from each of the listed banks within Nairobi County. This was to enable the researcher cover the entire Nairobi County (The purpose of this sampling strategy at this stage was geographical coverage of the banks). Finally, the branch manager of each selected bank, was interviewed. Notably, the sampling process was non-scientific and accordingly, there was no need for a scientific sample size determination strategy.

Data collection Instruments

The major consideration that guides the researcher to pick any tool is the validity and reliability of the tool chosen (Chattinnawat, 2013). This study used a questionnaire to collect the primary data due to the large number of respondents. The information required also was calling for respondents to take their time in answering the questions which would not have been possible in a one on one interview. The questionnaire was therefore chosen since it would allow the respondents ample time to fill it. The respondents were allowed three weeks of being with the questionnaire. Data sheets were used to collect secondary data from published financial results largely for use in computing financial performance of banks under study.

Data Analysis and Presentation

The qualitative data from this study were analyzed through content analysis whereas the quantitative data were analyzed using descriptive statistics and inferential statistics. Multiple regression analysis was done to establish if there were any relationships between the independent and dependent variables. This was done because through regression, one is able to show whether there is a positive or a negative relationship between independent and dependent variables. In addition regression shows whether the identified relationship is significant or not. Correlation analysis was used to measure the degree of association between variables under consideration that is, the independent and dependent variable. The regression model to explain the performance of the banks from market culture took the form:

$$O_P = \beta_0 + \beta_1 X + \varepsilon$$

Where;

O_P represents the organization performance (dependent variable)

β_0 represents the constant (intercept). This intercept represents the level of performance that may be adopted in the event that there is no response or no data on market culture. In other words, it provides the baseline information for this model.

β_1 represents regression coefficient for market culture variable. In particular, these coefficients explains the manner in which the explanatory variable relate with the dependent variable (organization performance). For instance if β_1 is positive, then an increase in market culture would lead to a boost in organizational performance.

X represents the independent variable Market Culture

ε represents Error Term, here assumed to be normally distributed with a zero mean and some constant variation. This error term is accordingly ignored in this study.

To test the moderating effect of strategic leadership on the relationship between organization culture and performance, the study used the standard method of determining whether a moderating effect exists, which entails the addition of an (linear) interaction term in a multiple regression model. A moderated multiple regression (MMR) was done resulting to the model below;

$$O_P = \beta_0 + \beta_1 X + \beta_2 M + \beta_3 XM + \varepsilon$$

Where;

O_P represents the organization performance (dependent variable)

β_0 represents the constant (intercept). This intercept represents the level of performance that may be adopted in the event that there is no response or no data on market culture.

β_1 and β_2 represents regression coefficient of the two variables (market culture and strategic leadership). In particular, these coefficients explains the manner in which the explanatory variables relate with the dependent variable (organization performance). β_3 represents regression coefficient that measures the interaction effect between the independent variable X (market culture) and the moderating variable M.

X represents the independent variable Market Culture.

M represents Strategic Leadership Alignment

XM represents the interaction term between the independent variable X and the moderating variable M.

Data was presented using summary statistics, tables and figures. Summary statistics gave percentages and averages. Regression analysis using SPSS version 22 gave output in tables like the coefficient of determination, ANOVA, residual statistics and other inferential statistics.

RESEARCH FINDINGS AND DISCUSSIONS

Out of the 100 questionnaires administered, 73 were filled and returned which represented a 73% response rate. For this study, the Cronbach Alpha was (0.879) against the recommended benchmark of 0.70 meaning the study tool was reliable. The KMO statistic which was used to measure sampling adequacy was 0.623 against the critical level of significance of the test which was set at 0.5 meaning that the data collected was adequate and appropriate for inferential statistical tests.

The first objective of the study was to establish the influence of market culture on organization performance. The indicators for market culture were, the banks researches on customer's needs, level of advertising in the bank as well as the availability of tailor made products for specific customers. Respondents were asked questions in regard to the three indicators of market culture as listed and the study findings are discussed below.

Customer Focus and Performance

Respondents were asked to indicate whether they believed if researching on customers' needs contributes towards the banks performance. The study findings showed that (48%) of respondents agreed, (22%) strongly agreed, (17%) disagreed, (7%) remained neutral, while (5%) strongly disagreed. Further analysis of the responses for the ones who agreed (48%) indicated that the banks do the research through mystery shopping and use of Focused Group Discussions. The bank are able to identify areas of need for the customers and hence come up with solutions to those needs which informs their product offering. The bank are also able to come up with the appropriate business model and also re-engineer their processes. The respondents indicated that this also informs pricing and segmentation based on product risk which leads to optimal financial performance. The research also allows banks to benchmark themselves against their peers.

The respondents also indicated that satisfied customers advocate for the bank and recommends the products to more customers which leads to more product uptake. However, some respondents disagreed (17%) that researching on what customers' needs leads to better performance. They indicated that research is expensive and that operating an R & D department requires a lot of finance. This may affect the performance of the bank negatively in that it will increase the costs thereby eating into the revenues of the banks. A summary of these is indicated in Table 1.

Vol. 2, No. 03; 2018

ISSN: 2456-7760

Table 1: Customer Focus and Performance

Scale	Frequency	Percent
Strongly Disagree	4	5
Disagree	13	17
Neutral	5	7
Agree	35	48
Strongly Agree	16	22
Total	**73**	**100.0**
Mean		**3.62**

The foregoing findings are in agreement with the findings of a report done by Ekenrode (2013) which stated that 'Banking executives should deal with the current reality that their product set is commoditized, and many of the low-hanging fruit related to cost containment has been picked. As such, bank leaders should consider focusing on driving differentiation and excellence in serving customers. With the advent of the Consumer Financial Protection Bureau's (CFPB) complaints database, good customer service is not just good business; it also has become essentially a regulatory mandate. The attention to fee-based products and services, which services and products to offer and the continued use of social platforms as a very public outlet for client dissatisfaction are forcing bankers to raise their game. The coming years likely will see increased efforts around the development and delivery of clear disclosures, streamlined and consistent processes, and development of training and compensation to reinforce proper sales behaviors' (Eckenrode, 2013).

Langan (2013) report also concurs with the study findings because it stressed on the need for the organizations to do research and rely on data to make decisions. To quote the study directly, it stated that 'the financial services industry is becoming a technology business, whether leaders care to admit it or not. As such, the effective and creative utilization of the massive amounts of data that banks have could separate future winners and losers in the industry. In the year ahead, I look forward for bank leaders to create data centric organizations and embrace the massive effort required to strengthen and retool their ability to manage and utilize data. Master data management, data hygiene and the application of increasingly more sophisticated analytical tools will continue to be important initiatives for leading banks in the coming year' (Langan, 2013).

The findings also agree with Sheth, Sisodia and Sharma (2000) whose study stated that moving to a customer- centric orientation enables a company to focus its resources on the most profitable customers thereby improving on their performance (Sheth, Sisodia, & Sharma, 2000). All the mentioned findings may imply that there is a positive correlation between customer focus and performance of an organization which is also supported by a mean of 3.62 which reflects the respondents' agreement. This means that researching on what the customers' want and providing to them those needs can improve the performance of an organization.

Level of Advertisement and Performance

Respondents were asked to indicate whether they believed that regular advertisement of the banks products contributes towards organizational performance. The findings showed that (42%) of respondents agreed that regular advertisement enhanced organizational performance, (40%) strongly agreed, while (18%) remained neutral. From the analysis, 82% of the respondents agreed or strongly agreed that advertising the banks products contributes to a better performance. They indicated that this creates awareness to the customers which leads to more sales and hence revenue growth. They also said that advertising increases products outreach, uptake and product usage. Some respondents who agreed also indicated that advertising builds the brand of the bank and amplifies the brand visibility which results to market penetration and thereby bettering the performance of the banks. Among the examples given was the previous advertising done by Equity Bank dubbed the 'member campaign' which respondents felt had a positive influence on performance of that bank. A summary of these is indicated in Table 2.

Table 2: Level of Advertisement and Performance

Scale	Frequency	Percent
Neutral	13	18
Agree	31	42
Strongly Agree	29	40
Total	**73**	**100.0**
Mean		**4.22**

These findings concurs with Child (2014) whose study stated that organizations that go to the market with force to compete with the other competitors where heavy marketing is witnessed, then these organizations are likely to register good performance. The study gave examples of companies like Coca-Cola who are known to invest heavily on research and development as well as advertising which in turn drives their performance (Child, 2014). The findings are also in harmony with Comanor and Wison (2014) whose study presented an empirical analysis of the role of advertising in consumer goods and service industries. The primary finding was that advertising has a statistically significant and quantitatively important impact upon profit rates which is a measure of organization performance (Comanor & Wilson, 2014).

Vol. 2, No. 03; 2018

ISSN: 2456-7760

On the other side, some respondents who were neutral (18%) indicated that advertisement does not always lead to increased sales. These findings are supported by Munga (2017) whose report stated that the 'Equitel campaign' by Equity Bank which was intended to popularize their mobile banking services and thereby raise the sales, hadn't had much impact on revenues of that bank (Munga, 2017). The mean for this variable is 4.22 which reflects the respondents' strong agreement that advertising may influence the performance of an organization positively.

From the findings, it appears that creating awareness of a firm's products and services leads to better performance in that firm especially if the cost of advertising is controlled.

Tailor Made Products and Performance

When the respondents were asked whether customers tailor made products leads to bettering the banks performance, (48%) of them agreed that customers tailor made products enhances the performance, (40%) strongly agreed, (6%) remained neutral, while (6%) disagreed. The respondents who agreed and strongly agreed were 88%. They indicated that having tailor made products brings about market leadership and enables banks to be all inclusive and therefore cater for all customers' needs. They also indicated that when the banks meet specific customers' needs, it enables them to tap into the whole market (different segments) leading to the consumption of more products and hence growth in revenue. Some also indicated that having customer centric products encourage repeat business from satisfied customers. A summary of these is indicated in Table 3.

Table 3: Tailor Made Products and Performance

Scale	Frequency	Percent
Disagree	4	6
Neutral	4	6
Agree	35	48
Strongly Agree	30	40
Total	**73**	**100.0**
Mean		**4.22**

The respondents gave examples of how the banks have segmented their markets for both business and individual customers. The segmentation for businesses was given as; Corporates, Large Enterprises, Medium Enterprises, Small Enterprises, Micro businesses segments. The segmentation for individuals was given as; High Networth Individuals, Upper Class, Middle

Income, Low Income segments. Some example of tailor made products in the banks were given as 2-jiajiri product for the youth segment and Inua Jamii product for the elderly. These results are in line with the study done by Islam (2014) on performance evaluation of the banking sector in Bangladesh where it was found out that banks had segmented their customers and were offering specific products to the various segments.

This tailor making of products according to the specific customers' needs led to better performance by the banks that did that (Islam, 2014). The study findings are further corroborated by a study done in Uganda on factors affecting performance of commercial banks in Uganda by Nsambu (2014). The study found out that having customized products affects the performance of a bank in a positive way.

The study focused specifically on internal factors that affects the performance and the ability of a bank to provide specific products to its customers came out strongly as one of the internal factors that banks should consider utilizing to improve on performance (Nsambu, 2014).

The findings also resonates with Miller (2016) whose study stated that firms with simple structures must generally pursue a niche or a marketing differentiation strategy by coming up with tailor made products. They may flourish by producing a somewhat distinctive product for a niche of the market that is the least competitive (Miller, 2016). All the mentioned findings imply that tailor made products leads to higher revenues for the organizations that customize their products. The mean for this variable is 4.22 which reflects a strong agreement from the respondents that tailor made products may influence the performance of an organization positively. This is possibly because they meet specific customer's needs hence there is higher uptake of the customized products.

Further data analysis indicated that market culture positively influences performance among banks listed at the NSE as shown by the positive unstandardized beta coefficients of 0.056 in Table 4. The regression analysis also showed that the market culture had a positive and significant influence on performance as shown by a p value of 0.01 ($p < 0.05$) at 95% level of confidence. The Pearson coefficient of correlation (R) also indicated a strong positive relationship of 0.323 between market culture and performance. Through R, it was evident that increase in market culture leads to an increase in performance. The model to predict the performance of the banks using market culture was found out to be;

OP = 3.224 + 0.056 MC as per the coefficients in Table 4.

Table 4: Coefficient Summary

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		

Vol. 2, No. 03; 2018

ISSN: 2456-7760

1	(Constant)	3.224	.234		13.781	.000
	MC	.056	.029	.212	2.909	.010

Dependent Variable: Organization Performance (OP)

These results are corroborated by the findings of Verma (2012) who found out that there was a correlation between market culture and performance. Han and Verma (2012) conducted a research on the effect of culture and strategic orientation on financial performance on the South Korean upscale and luxury hotels. In their study, they explored the relationship between strategic orientation, culture, and financial performance for hotels. The study showed that culture directly affects financial performance, but for this group of hotels not all cultures types performed equally. They used Cameron and Quinn cultural model to operationalize culture. From their findings, the market culture type promoted financial performance more as compared to the clan culture or the hierarchy culture. The hierarchical culture actually cost hotels in terms of financial performance (Han & Verma, 2012).

Strategic Leadership (Alignment) effect on the relationship between Market Culture and Organization Performance

The findings of the “R Square Change" from the model summary Table 5 shows the increase in variation explained by the addition of the interaction term (i.e., the change in R2) of 4.8%. The statistical significance p-value of 0.024 is less than the 0.05 significance level for this test. From the results, the increase in variation is therefore statistically significant ($p < .05$).

Table 5: Model Summary for Market Culture Interaction

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.579[a]	.335	.316	.41817	.335	17.635	2	70	.000
2	.619[b]	.383	.356	.40579	.048	5.335	1	69	.024

a. Predictors: (Constant), SLA, MC

b. Predictors: (Constant), SLA, MC, MC.SLA

c. Dependent Variable: OP

The model to predict the effect of strategic leadership on the relationship between market culture and the banks’ performance took the form;

OP = 0.593 + 0.604MC + 0.797SLA – 0.127MC.SLA as per the coefficients in Table 6.

Vol. 2, No. 03; 2018

ISSN: 2456-7760

Table 6: Coefficients for the Moderator Interaction with Market Culture

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.262	.326		6.947	.000
	MC	.107	.043	.254	2.506	.015
	SLA	.364	.081	.455	4.486	.000
2	(Constant)	.593	.789		.751	.455
	MC	.604	.219	1.433	2.757	.007
	SLA	.797	.203	.997	3.918	.000
	MC.SLA	-.127	.055	-1.443	-2.310	.024

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The first objective of this study was to establish the influence of market culture on performance of the Banks. For this objective, the following were the indicators that were used; customer focus, level of advertising and presence of tailor made products. From the initial data analysis, the study findings on the sub-variable of customer focus and performance implied that there may be a relationship between the two which was supported by a mean of 3.62 reflecting the respondents' agreement on the relationship. This suggests that researching on what the customers' need and providing to them those needs can improve the performance of an organization. On the relationship between advertising and performance, the mean was 4.22 which reflected the respondents' strong agreement that advertising may influence the performance of an organization positively. From the findings, it may appear that creating awareness of a firm's products and services leads to better performance in that firm especially if the costs of advertising are controlled. For the last sub-variable, the mean for the relationship between tailor made products and performance was 4.22 which reflected a strong agreement by the respondents that tailor made products may influence the performance of an organization positively.

Further data analysis on the first objective indicated that market culture influences performance in a positive way as supported by a strong and significant relationship from Pearson's coefficient analysis. The relationship of market culture and performance had an r (0.323) and p-value of 0.008 ($p < 0.05$) reflecting a positive and significant relationship. From regression analysis, market culture null hypothesis was rejected (p value 0.01 ($p < 0.05$)) thereby leading to the conclusion that market culture influences the performance of the banks. Data from the questionnaires indicated that banks were getting more returns from tailor made products that fits the customers' needs and also from advertising their products.

On the second objective of determining the moderation effect of strategic leadership on the relationship between market culture and performance, the change in R square as a result of the addition of the interaction term was 4.8%. It had a statistical significance p-value of 0.024 which was less than the 0.05 significance level for this test. From the results, the increase in variation was therefore statistically significant ($p < .05$). We can therefore conclude that strategic leadership moderates the relationship between market culture and organization performance.

Recommendations of the Study

Since this study found out that market culture had a significant positive influence on performance in the banks, the study therefore recommends that banks be conducting customer's research on a regular basis to gauge the quality of the services they are offering and also to establish the emerging needs. Banking is all about service as the products in the banking industry are largely homogeneous. For a bank to gain competitive edge over the rest in the industry, they need to focus on the quality of service to their customers and also to be able to reduce the customer attrition.

The bank management should therefore put all the efforts to resolve customer service issues arising from such a survey as well as provide to them the unique (tailor made) products that they may require. From the findings, customers no longer want to come to the banking halls, they want self-service products through their computers and phones. Banks should therefore strive to offer to their customers' self-service solutions that are convenient, accessible and reliable.

Areas for Further Research

Since this study looked at one of the cultures in the CVF model, further research could be conducted on the other three cultures and how they influence firm performance.

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Vol. 2, No. 03; 2018

ISSN: 2456-7760

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