

ORGANISATION CULTURE AND PERFORMANCE OF KENYA

COMMERCIAL BANK LTD

BY

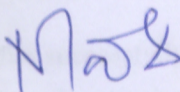
MARY MORAA MAATO

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FULFILLMENT FOR THE REQUIREMENTS OF THE AWARD
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DECLARATION

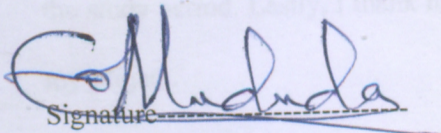
This is my original work and has not been presented for a graduate degree in any other university.

Signature-----


Date-----
08/11/2012

Mary Moraa Maato

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

Signature-----


Date-----
8-11-12

Eliud O. Mududa

Lecturer

School of Business

University of Nairobi

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I acknowledge my family, for their love and support and appreciate my friends Marcella, Beatrice, Rachel, Erick, Claire and Janepher for their assistance throughout the study period. Lastly, i thank my respondents for their time to enable me complete my project.

DEDICATION

This study is dedicated to my family members who are very special and great supporters of my work.

Bank Ltd. Managing organization culture is instrumental in ensuring that a company's objective is understood and implemented by employees. However due to globalization challenges, financial institutions seek business expansion in the foreign countries through direct foreign investment and aggressively establishing "subsidiaries. As a result, they face to multicultural challenges. Cultural diversity has become one of the important challenges that an international company can face because culture affects attitudes, approaches and perceptions of people. This can cause important barriers to implementation and success of companies in global competition.

Literature reveals that companies that know how to develop their cultures in an effective way most probably have the benefit of advancement in productivity and the quality of work life among the employees. Instead, employees must absorb the organizational culture at the maximum strength and the top management should provide a precise guideline and direction to motivate the employees in achieving the company's objectives.

Using content analysis, results indicate that organization culture positively influence performance of ECB Ltd. The findings indicate that determining the factors prevailing in a company at some moment in time requires the study of the company's values, processes, and methods of the core task defined by them. By comparing these elements, an analyst is able to verify the underlying assumptions prevailing in a company.

ABSTRACT

This research evaluates the influence of organisation culture on the performance of Kenya commercial Bank Ltd. Managing organisation culture is instrumental in ensuring that a company's objective is understood and implemented by employees. However due to globalization challenges, financial institutions seek business expansion in the foreign countries through direct foreign investment and aggressively establishing subsidiaries. As a result, they face to multicultural challenges. Cultural diversity has become one of the important challenges that an international company can face because culture affects attitudes, approaches and perceptions of people. This can cause important barriers to implementation and success of companies in global competition

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Using content analysis, results indicate that organisation culture positively influence performance at KCB Ltd. The findings indicate that determining the culture prevailing in a company at some moment in time requires the study of the company's values, practices, and artefacts of the core task defined by them. By comparing these elements an attempt is made to clarify the underlying assumptions prevailing in a company.

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objectives are understood and implemented by employees. Organizational culture facilitates the acceptable solution to know the problems, which members learn, feel and act the principles, expectations, behaviour, patterns, and norms that promote high level of achievements (Maroulides & Heck, 1993; Schein, 1992). It has been observed that in many foreign based organizations, business oriented values are derived consciously and unconsciously from the culture of its founder (Asma, 1996). Owned subsidiaries have become one of the major entry modes for financial institutions. Organizational Culture in financial institutions nowadays operates in worldwide scale and across national boundaries. As a result, transference of organizational culture to other cultural and societal contexts becomes a challenge for financial institutions in their effort to expand their businesses elsewhere around the globe. Management style adopted by expatriate managers is in accordance with their home country's culture.

Cultural complexities become a rule rather than an exception in those organizational contexts, in which national cultural differences become salient to organizational members and divergence in cultural expectations regarding business practices and work practices often times are the dominant theme in organizational life. As Morris (2012) suggested, a soft-edge view of cultural boundary that treats boundaries as movable, fragmented, permeable, and blurred can better reflect the cultural realities in today's diverse organization. The pioneering work on cultural measurement could be credited to Hofstede (1980). In the earlier stage, Hofstede identified four dimensions of culture and highlights the most important culture differences in a multinational

CHAPTER ONE : INTRODUCTION

1.1 Background of the Study

Managing organisational culture is instrumental in ensuring that a company's objectives are understood and implemented by employees. Organisational culture facilitates the acceptable solution to know the problems, which members learn, feel and set the principles, expectations, behaviour, patterns, and norms that promote high level of achievements (Marcoulides & Heck, 1993; Schein, 1992). It has been observed that in many foreign based organizations, business oriented values are derived consciously and unconsciously from the culture of its founder (Asma, (1996). Owned subsidiaries have become one of the major entry modes for financial institutions. Organisational Culture in financial institutions nowadays operates in worldwide scale and across national boundaries. As a result, transference of organizational culture to other cultural and societal contexts becomes a challenge for financial institutions in their effort to expand their businesses elsewhere around the globe. Management style adopted by expatriate managers' is in accordance with their home country's culture

Cultural complexities become a rule rather than an exception in those organizational contexts, in which national cultural differences become salient to organizational members and dissonance in cultural expectations regarding business practices and work realities often times are the dominant theme in organizational life. As Martin (2002) suggested, a subjective view of cultural boundary that treats boundaries as movable, fluctuated, permeable, and blurred can better reflect the cultural realities in today's complex organization. The pioneering work on cultural measurement could be credited to Hofstede, (1980). In the earlier stage, Hofstede identified four dimensions of culture and highlights the most important culture differences in a multinational

company. The four dimensions are individualism versus collectivism, power distance, uncertainty avoidance and masculinity and femininity.

It would be interesting to discover to what extent do financial institutions which are multinational companies' experiences performance improvement when they operate in another country with diverse cultural orientations. Indeed the study of organizational culture and performance is advantageous since the cultural values are observable and thus can be compared across organizations and directly related to individual and organizational performance. Undoubtedly the organization's performance is a function of the potential return to the inculcation of strong culture into the organization's systems enabling it to execute its routines. Performance is a broader indicator that can include productivity, quality, consistency, and so forth. On the other hand, performance measures can include results, behaviours and relative measures, education and training concepts and instruments, including management development and leadership training for building necessary skills and attitudes of performance management. Thus it is vital to study the relationship between culture and performance.

1.1.1 Concept of Organisational Culture

Organisational culture is defined as a solution created by an organisation for the demands set by the core task. The development of organisations operations requires an understanding of the overall dynamics (culture) of the organisations activities, but also an assessment of the impact of culture on operational efficiency. Determining the culture prevailing in a company at some moment in time requires the study of the company's values, practices, artefacts and of the core task defined by them. By

comparing these elements an attempt is made to clarify the underlying assumptions prevailing in a company

Schein, (1985) defined organisational culture as a deeper level of basic assumptions and beliefs that are shared by members of an organisation that operate unconsciously and define in a basic 'taken for granted' fashion an organisation's view of itself and its environment. He also defined it as a pattern of shared basic assumptions that was learned by a group 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 you perceive, think, and feel in relation to those problems. There are certain aspects that shape organisational culture as explained by Schein (1985); the first one being the proprietors of that particular company. Another factor is the values held by the firm's employees. In addition, competitors within the industry a company is operating in will also affect this. There is also a need to respond to customer needs and requirements. All the factors stated above will change with time and consequently affect organisational culture. Gordon, (1992), one can therefore say that organisational culture is mainly described by group factors such as ideology and concepts; there is a need to include normative behaviour when tackling this issue.

Others scholars also defined the concept of organizational culture. Ravasi and Schultz (2006), state that organizational culture is a set of shared mental assumptions that guide interpretation and action in organisations by defining appropriate behaviour for various situations. Organisational culture is an idea in the field of organisational studies and management which describes the psychology, attitudes, experiences, beliefs and cultural values of an organisation. It has been defined as the specific

collection of values and norms that are shared by people and groups in an organization and that control the way they interact with each other and with stakeholders outside the organisation.

Although it's difficult to get consensus about the definition of organisational culture, several constructs are commonly agreed upon that organisational culture is holistic, historically determined, related to anthropological concepts, socially constructed, soft, and difficult to change. The concept of culture is particularly important when attempting to manage a financial institution that is a multinational corporation. Practitioner are coming to realize that, despite the best laid plans, organisational change must include not only changing structures and processes but also changing the corporate culture as well. Therefore organisational culture is the personality of the organisation. Culture comprises of the assumptions, values, norms and tangible signs (Artefacts) of organization members and their behaviours. Members of an organization soon come to sense the particular of an organization which in effect binds them.

1.1.2 Determinants of Performance for a Financial Institution

Most financial institutions use Key performance indicators (KPIs) which evaluates, measures performance and determines the motivation behind the decisions and actions of an organization. KPIs such as one, independent variables for instance growth, financial capability, profitability, market growth and employee productivity and two, macroeconomic variables such as inflation, competition, politics, gross domestic product, economies of scale and environmental factors are commonly used by financial institutions to evaluate its success or the success of a particular activity in which it is engaged. However due to globalization challenges, financial institutions

seek business expansion in the foreign countries through direct foreign investment and aggressively establishing subsidiaries. As a result, they face to multicultural challenges. Cultural diversity has become one of the important challenges that an international company can face because culture affects attitudes, approaches and perceptions of people. This can cause important barriers to implementation and success of companies in global competition

According to Czinkota et al (2005) cultural risk is as real as commercial and political risks in international business. It is possible to say that the cross-cultural challenges such as understanding the differences in communication patterns and styles, different principles and notations of hierarchy and organisational structures, and different systems of making business are believed they are influenced by national cultures. Thus, the effects of national cultures have drawn attention of the scholars and practitioners in the international business field. Due to this, the concept of managing organisation culture as a root of performance improvement emerges as a key determinant of performance. In order to strive towards common goals and a favourable culture, companies that embrace organisation culture effectively will probably have the benefit of advancement in productivity and quality of work life among the employees.

1.1.3 Kenya's Banking Industry

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). The banking sector was liberalised in 1995 and exchange controls lifted. The CBK, which falls under the Minister for Finance docket, is responsible for formulating and implementing monetary policy and

fostering the liquidity, solvency and proper functioning of the financial system. The banks have come together under the Kenya Bankers Association (KBA), which serves as a lobby for the banking sector's interests.

The KBA serves a forum to address issues affecting members. Over the last few years, the Banking sector in Kenya has continued to grow in assets, deposits, profitability and products offering. The growth has been mainly underpinned by an industry wide branch network expansion strategy both in Kenya and in the East African community region, automation of a large number of services and a move towards emphasis on the complex customer needs rather than traditional 'off-the-shelf' banking products, players in this sector have experienced increased competition over the last few years resulting from increased innovations among the players and new entrants into the market and finally stability in the Banking system. The banking industry has improved tremendously in the last decade in the products, services and market size. Kenya Commercial Bank is among the financial institutions which have grown and expanded their branch network to the East Africa Community Region. (Source: www.pwc.com)

1.1.4 Kenya Commercial Bank Ltd

The history of Kenya Commercial Bank (KCB) Ltd dates back to 1896 when its predecessor, the National Bank of India opened an outlet in Mombasa. Eight years later in 1904, the Bank extended its operations to Nairobi, which had become the Headquarters of the expanding railway line to Uganda. The next major change in the Bank's history came in 1958. Grindlays Bank merged with the National Bank of India to form the National and Grindlays Bank. Upon independence the Government of Kenya acquired 60% shareholding in National & Grindlays Bank in an effort to bring

banking closer to the majority of Kenyans. In 1970, the Government acquired 100% of the shares to take full control of the largest commercial bank in Kenya. National and Grindlays Bank was renamed Kenya Commercial Bank.

KCB Ltd is a financial service provider whose headquarter is in Nairobi Kenya. As of December 2010, it was among the three largest branch networks in Kenya, it had the largest network in Kenya of all licensed bank in the country. The Government of Kenya owned 17.74% of KCB while the remaining 82.26% is owned by institutional and private investors. The bank has extended its expansion to an international platform by opening subsidiary branches to five different countries namely south Sudan, Rwanda, Burundi, Tanzania and Uganda. KCB moving its operations a Pan African platform results to various diverse cultures and thus making it an interesting area of study. (Source: www.kcb.co.ke)

1.2 Research Problem

The concept of organisational culture has gained wide acceptance as a way to understand human systems. From an "open-systems" perspective, each aspect of organisational culture can be seen as an important environmental condition affecting the system and its subsystems. The examination of organisational culture is also a valuable analytical tool in its own right. According to Schein (1985), cultural analysis is especially valuable for dealing with aspects of organisations that seem irrational, frustrating, and intractable. He writes, "The bottom line for leaders is that if they do not become conscious of the cultures in which they are embedded, those cultures will manage them." It is significant that Schein uses the plural "cultures." Using open-systems concepts, we know that members of a group culture may also belong to subcultures within an organisation. Since a financial institution do have a shared

history, there will normally be at least a few values or assumptions common to the system as a whole. But sometimes, as in many organisations, the subcultures have had different experiences over time, and their group learning has produced very different sets of basic assumptions.

Culture is so deeply rooted in an organisation's history and collective experience, working to change it requires a major investment of time and resources. Since culture is a collective mental programming, it is often difficult to change culture if it is changeable at all (Hofstede 1980). This is because culture is shared by a group of people and is usually crystallized in the social institutions these people build as a group, such as: family structures, religious organizations, educational structures, forms of government, legal frameworks, literature and work organizations (Hofstede, 1980).

Research studies done in the area of organisational culture and performance include: Yagan (2007) focused on the relationship between organisational culture and performance in selected Kenyan state corporations and found out that most state corporations have moved towards flexibility, adaptability, individual, autonomy and mutual respect thus the production of very good results. Different cultures have varied effects on the performance in that some were associated with good performance and other poor performance. She focused on how power, role, self and task culture influences performance. Although she established that there is a relationship between organisational culture and performance from her findings, she did not study the other factors which influence performance. Opande (2006) studied the relationship between culture, strategy and performance in selected companies listed in the Nairobi Stock Exchange. He found out that choice of culture and strategy types do not determine

performance but concluded that there may be other factors other than the choice of culture and strategy types that determine performance. He recommended that it is important to study in depth the culture, strategy choices and any relationship with the performance of the firms.

As observed above, the studies conducted did not look at organisation culture and performance. This research will therefore seek to determine how organisation culture is a determinant of performance improvement in Kenya commercial Bank as a financial institution in the Banking Industry. The aim of this study was therefore to establish the influence of organisation culture at KCB Limited.

1.3 Research Objectives

The objective of this study was to establish the influence of organisation culture on performance at KCB Ltd

1.4 Value of the Study

The findings of this study will be important to not only Kenya commercial Bank Ltd but all financial institutions in managing organisational culture and improving performance. The study expected to be of utmost importance to various stakeholders in Kenya's banking industry, taking cognizance of the fact that there has been a tremendous growth in this sector that requires regular information updates for effective decision making. The information from the study will be important in the following ways:

Organisations that have strong cultures are capable of increasing revenue, profitability and shareholder value. A dominant culture reflects the organisation's core values and the dominant perceptions that are generally shared throughout the organisation.

Having a strong culture which supports and underpins an organisation's brand proposition helps businesses create and maintain competitive advantage.

Culture generates commitment to the organisation's mission. When there is a strong, overarching culture, people feel they are part of a larger, well-defined whole and are involved in the entire organisation's work. Bigger than any one individual's interests, culture reminds people what their organisation is all about and thus allows employees to work together as a team.

Managing organisational culture allows the decision making process to become more efficient or more effective and companies can use this to their advantage when trying to maintain competitive advantage. This will go a long way in improving performance in financial institutions in the Banking industry enhancing a company's efficiency because decisions will be made on the basis of who had the widest amount of knowledge about a certain issue.

Organisation culture gives the organisation a sense of identity. An organisation's culture provides a sense of identity for the members and the more clearly an organisation's shared perceptions and values are defined, the more strongly people can associate themselves with the organisation's mission and can feel that they are a vital part of it.

Organisation culture clarifies and reinforces standards of behaviour, which is essential for newcomers, but is also beneficial for seasoned veterans. In essence, culture guides the employees' words and deeds, thus making it clear what they might do or say in any given situation. In this sense, it provides stability to behaviour, both what an individual might do at different times and what different individuals might do at the same time.

CHAPTER TWO : LITERATURE REVIEW

2.1 Introduction

This chapter looks at organization culture, its meaning and importance in an organization. The chapter will also look at the cultural dimensions in relations to organization culture.

2.2 The Concept of Organisation Culture

According to Schein (1985), culture is comprised of the assumptions, values, norms and tangible signs (artefacts) of organisation members and their behaviours. Members of an organisation soon come to sense the particular culture of an organization. The concept of culture is particularly important when attempting to manage organisation wide change. Quite often, a leader has a very good sense of the culture of their organization. They just haven't made that sense conscious to the extent that they can effectively learn from and lead within the culture. To understand the implications of cultures within an organization it is important to understand the basic concept of culture.

Culture is 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. In other words, as groups evolve over time, they face two basic challenges: integrating individuals into an effective whole, and adapting effectively to the external environment in order to survive. As groups find solutions to these problems over time, they engage in a kind of collective learning that creates the set of shared assumptions and belief we call 'culture'.

Organization members interpret the behaviour and language of others through their own cultural biases. Each member's (or subsystem's) set of beliefs, values, and assumptions becomes their unquestioned "reality"; they then perceive behaviour inconsistent with their own biases as irrational, or even malevolent. The organizational culture model suggests reinterpreting such conflict as a product of different sets of experiences. Instead of looking at conflict as "right" versus "wrong," this approach suggests that subsystems examine the assumptions underlying their behaviour, honour the experiences and learning that led to those assumptions, and then investigate whether those assumptions still work well in the present.

Because culture is so deeply rooted in an organization's history and collective experience, working to change it requires a major investment of time and resources. Help from a change agent outside the system is often advisable. Without such help, it is difficult for insiders to view their "reality" as something they've constructed, and to see meaning in things they normally take for granted.

According to Parker (2000), organisational culture as a tool of consultants and as a management method is often a direct continuation of Taylorism and work rationalisation and efficiency thinking: an attempt is made to develop control mechanisms that are not based on compulsion or on direct orders. Workers strive to get to command themselves or each other. The managers' task is considered to be the creation of a culture and its manipulation. The power of cultural theories is seen particularly in fields in which direct control and guidance mechanisms are difficult or impossible to maintain. In a strong culture all workers must, according to these

theories, adopt the manager's values as their own underlying assumptions and act according to them.

The literature on organisational culture reveals that companies that know how to develop their cultures in an effective way most probably have the benefit of advancement in productivity and the quality of work life among the employees. Indeed, employees must absorb the organisational culture at the maximum strength and the top management should provide a precise guideline and direction to motivate the employees in achieving the company's objectives. The expatriate managers in the financial intuitions are anticipated to learn and identify the work values and cultural behaviours of the employees within the organisation and try to adapt into that culture across the countries. This seems to be possible even though the expatriate managers may be influenced by their own national culture. To some extent the researchers believe that national culture is not a barrier for foreign subsidiaries to operate abroad.

2.2.1 Organisation Culture and Cultural Dimensions

Sociologists Gary Fine and Sherryl Kleinman, (1979) discuss how distinct societies are composites of interacting subcultures rather than a single overarching culture. Organisations consist of subgroups that have specific characteristics and a sense of identification. Within organizations, people can easily classify themselves and others into various social categories or groups based on identification with their primary work group, occupational or professional skills, union membership, or age cohort. Subgroups in organizations can and do create subcultures that comprise specific networks of meaning; yet, at the same time, they remain associated with the ideologies and values of the organisation's leadership.

Numerous studies of organizational culture have highlighted that the formation and maintenance of culture requires interpersonal interaction within subgroups. Interaction with peers on the job was viewed as most important in helping newcomers becoming effective employees. Interaction is important for the acculturation of newcomers. Organisations do not, however, always have homogeneous subcultures. The explicit social products produced by subcultures within organisations can be widely diverse and even result in countercultures.

The pioneering work on cultural measurement could be credited to Hofstede (1980). In the earlier stage, Hofstede identified four dimensions of culture and highlights the most important culture differences in an organisation. The four dimensions are individualism versus collectivism, power distance, uncertainty avoidance and masculinity and femininity. These four dimensions were initially detected through the comparison of the value among the employees and managers working in 53 national subsidiaries of the IBM Corporation. Even though Hofstede's study has been criticized, it has been widely acknowledged by scholars and practitioners in the field of organisational behaviour (Sondergaard, 1994). The cultural dimensions have been grouped into two categories, namely relations between people and motivational orientations (Hofstede, 2000). Relations between people include: Individualism, versus Collectivism. Motivational orientation includes: Masculinity versus femininity, amount of uncertainty avoidance, and power distance.

Deal and Kennedy (1982) argue that culture is the single most important factor accounting for success or failure in organizations. They identified four key dimensions of culture: Values, Heroes, Rites and rituals and Culture network. The culture network is the informal communication system or hidden hierarchy of power

in the organization. Schwartz (1994) proposed a cultural value symbolizing the relationship between personality and cultural factors. There are two dimensions in Schwartz model: conservatism versus autonomy (affective and intellectual) and self-enhancement (hierarchy and mastery) versus self-transcendence (egalitarian commitment and harmony). According to Schwartz (1994), the two broad cultural archetypes of societies with different assumptions about the life and work can be characterized as contractual culture and relationship cultures.

Similarly, Trompenaar (1993) identified seven dimensions, relationships with people, which consists of universalism versus particularism, individualism versus communitarians, neutral versus emotional, specific versus diffuse and achievement versus ascription. However, for the six dimensions, it concentrates on attitudes to time and the seventh dimension is attitudes to the environment. Trompenaar's seven dimensions model can be a good supported for Hofstede's model. It can be concluded at this point that organisational culture comprises of unique quality or character of a company meanwhile the managers are challenged to search for the "strong" culture that probably could improve the organisational effectiveness because it is strongly believed that there are cause and effect associated with each cultural dimensions.

2.3 Organisation Culture and Performance

A high degree of organisation performance is related to an organisation, which has a strong culture with well integrated and effective set of values, beliefs and behaviours (Cameron & Quinn, 1999; Deal & Kennedy 1982; Denison, 1990; Juechter & Fisher, 1998; Kotter & Heskett, 1992). However, many researchers noted that culture would remain linked with superior performance only if the culture is able to adapt to changes in environmental conditions. Furthermore, the culture must not only be extensively

shared, but it must also have unique qualities, which cannot be imitated. Several empirical studies have supported the positive link between culture and performance.

Recent studies done by Chatman and Jehn (1994), Denison and Mishra (1995) and Kotter and Heskett (1992), have contributed significantly to the field of culture and performance studies whereby culture is being treated as variable for a specific research purpose. They found that the organisations focuses clearly on the cultures are more successful. It is because focused cultures provide better financial returns, which include higher return on investment (ROI), higher return on assets (ROA) and higher return on equity (ROE). The finding of a study also has been reported that industry moderates the link between corporate culture and performance (Gordon & Christensen, 1993).

These findings have advanced understanding of the determinants and performance effects of corporate culture. But they go away unreciprocated the applicability of existing results across national boundaries. There are some aspects of corporate culture may enhance performance in one national setting, but they may not be effective, and may even be dysfunctional, in another. Thus, one of the main reasons for the common popularity and interest in the study of organisational culture is due to the argument or assumption that certain organisational cultures lead to superior organizational performance.

2.3.1 Organisation Culture and Leadership

Organisational culture and its environment factors in which organisation exist determine the way of managing the organization. An organisation's culture is embodied in what managerial leadership sets as its priorities: what it attends to, measures, rewards and controls. Organizational culture can be seen in how leadership

reacts to critical incidents. And it can be found in leadership's role modelling and coaching actions. Experts say that between 80% and 90% of employee behaviour is determined by the way leaders attend to these factors. Leaders' actions, words, beliefs and behaviours have to resonate within three contexts, national culture, organizational culture and the individual employee's background, values and beliefs.

Culture can also cause problems, when top management want to change the organization's direction or set new goals, the existing culture may be at odds with these changes. Success in aligning strategy, leadership and organizational culture(s) can lead to profitable growth. The greater the frequency and magnitude of change, the more important leadership and culture become. Leadership holds it all together.

Schein (1992) argues that leadership today is essentially the creation, the management, and at times the destruction and reconstruction of culture. In fact, he says, "the only thing of importance that leaders do is create and manage culture" and "the unique talent of leaders is their ability to understand and work within culture". Leaders must be able to assess how well the culture is performing and when and how it needs to be changed. Assessing and improving organizational culture as well as determining when major cultural transformations are necessary is critical to long-term organizational success. Managing differentiated cultures and creating synergies across these cultures is also a critical leadership challenge. Effective culture management is also necessary to ensure that major strategic and organizational changes will succeed. Basically, culture management is a key leadership and management competency.

2.3.2 Organisation Culture and HRM Practices

According to Earley (1994), if the human resource management practices is not suitable with basic values shared by employees will cause employee to be dissatisfied,

uncomfortable and uncommitted. Employee will feel distracted or alienated, because their values are different from company expectation and therefore, organizational commitment and job satisfaction will be low. When this condition happens for a long time, organization performance will decrease. Conversely, when human resource practice fits with the values shared by employees, organizational performance will be high.

The guiding beliefs and norms of a culture have a definite impact on the way employees work and on their ability to achieve organisational goals. Culture can generate a sense of shared identity among employees, foster commitment to greater goals, and enhance the organisation's ability to guide and shape employee behaviour. When culture has a positive effect on employee behaviour it inspires employees to high performance.

3.2 Data collection

The study collected primary data using an interview guide which was self-administered. The interview guide contained open ended questions which enabled the researcher to collect the respondents' view from various departments within KCB Ltd. Respondents were 10 informants who included the head Human resources, Head Finance, Head Credit, Head Information Technology, Head Marketing, Head Operations and Head Retail Banking from different functional units among them Human resources, Finance, Credit, Information technology, Marketing, Operations and Retail units.

The interview guide allowed flexibility of questions, ones with which the researcher went into more depth which enabled the researcher to test the respondents' knowledge and to make reliable assertions of their views.

CHAPTER THREE : RESEARCH METHODOLOGY

3.1 Research Design

A case study research design focusing on KCB Limited was used for this study. Young (1960) argues that a case study is a powerful form of qualitative analysis that involves a careful and complete observation of a social unit. It is a method of study that drills down rather than casts wide.

Case study method involves an in- depth examination of a single instance or event. It also provides a systematic way of looking at events, collecting data, analysing information and reporting the results. The target population will comprise employees of Kenya Commercial Bank Ltd who are randomly distributed within the functional units of the bank.

3.2 Data collection

The study collected primary data using an interview guide which was self-administered. The interview guide contained open ended questions which enabled the researcher to collect the respondents' view from various departments within KCB Ltd. Respondents were 10 informants who included the head Human resources, Head Finance, Head Credit, Head Information Technology, Head Marketing, Head Operations and Head Retail Banking from different functional units among them Human resources, Finance, Credit, Information technology, Marketing, Operations and Retail units.

The interview guide allowed flexibility of questions, ease with which the researcher went into more depth which enabled the researcher to test the respondents' knowledge and to make reliable assessment of their views.

3.3 Data analysis

Content analysis described the logical structures of expressions and ascertained associations and other interpretations in order to interpret the results of the findings. Data was classified for into various themes for ease of analysis. Through this method, inferences were made by systematically & objectively identifying specified characteristics of information collected.

4.2 Results on Organisation Culture

Results revealed that the respondents were fully informed of the existence of culture. One respondent gave a brief explanation of how the five core values of the organisation contribute to their performance. The core values are, working together as a team, being professional in everything we do, putting the customer first, willingness to change and caring for the community. Respondents defined organisation culture as a set of core characteristics that guide interpretation and action in the organisation by defining appropriate behaviour. They confirmed that performance is related to an organization, which has a strong culture with well integrated and effective set of values, beliefs and behaviours.

4.2.1 Sources of information on organisation culture

Responses on the availability and content of information revealed that organisation culture information was available to everybody. Respondents get information on culture through induction programmes Organised for new comers to the organisation, daily press bulletin sent via email have the main key words, KCB stationeries, T-shirts on the staff identification cards and majority at the organisation's internet.

CHAPTER FOUR : DATA ANALYSIS, RESULTS AND

DISCUSSION

4.1 Introduction

This chapter analyses the data findings, results together with the interpretation of information collected. Data was analysed on how organisation culture influences performance at KCB and lastly the recommendations on the basis of the findings.

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A further investigation into the issues of preference established that most of the respondents preferred getting the information directly from their bosses who could give guidance when working on the job and through frequent organized workshops and team building sessions. In view of that the senior management has played a vital role in disseminating information on organisation culture through workshops. Currently all the employees are attending a culture training workshop at the KCB leadership centre.

4.2.2 Relevance of Organisation Culture

Responses on the relevance of organisation culture were clear. Organisation culture reinforced standards of behaviour, which was essential for newcomers, but also beneficial for seasoned veterans. In essence, culture guided the employees' words and deeds, thus making it clear what they might do or say in any given situation.

Culture generated commitment to the organisation's mission. With a strong, overarching culture, people feel that they are part of a larger, well-defined whole and are involved in the entire organisation's work. Bigger than any one individual's interests, culture reminded people what their organisation was all about and thus allows employees to work together as a team.

Majority of the respondents confirmed that KCB has a strong culture which is capable of increasing revenue, profitability and shareholder value. The organisation has a dominant culture reflected on the organisation's core values that are generally shared throughout the organisation. Having a strong culture which supports and underpins the organisation's brand proposition it has helped the businesses create and maintain a competitive advantage. The culture of the workplace also goes a long way in promoting healthy competition at the workplace. Employees try their level best to

perform better than their fellow workers and earn recognition and appreciation of the superiors. It is the culture of the workplace which actually motivates the employees to perform.

Respondents confirmed that managing organisational culture allows the decision making process to become more efficient or more effective and companies can use this to their advantage when trying to maintain competitive advantage. This will go a long way in improving performance in other industry's enhancing a company's efficiency because decisions will be made on the basis of who had the widest amount of knowledge about a certain issue. The culture of an organisation represents certain predefined policies which give them a sense of direction at the workplace.

Majority of the respondents also confirmed that Organisation culture gives the organisation a sense of identity. An organisation's culture provides a sense of identity for the members and the more clearly an organisation's shared perceptions and values are defined, the more strongly people can associate themselves with the organisation's mission and can feel that they are a vital part of it. The culture decides the way employees interact at their workplace. A healthy culture encourages the employees to stay motivated and loyal towards the management.

Respondents also confirmed that culture brings all the employees on a common platform. All employees are treated equally and no one feels neglected or left out at the workplace. The work culture unites the employees who are otherwise from different back grounds, families and have varied attitudes and mentalities. The work culture promotes healthy relationship amongst the employees.

4.2.3 Policies on Organisation Culture

Respondents were fully informed of the policies in place. Policies are in form of statements designed to be guidelines to behavioural decisions. Employees are guided on how the system works. This is majorly coordinated by the Human Resources department which ensures the implementation of the policies. The policies have been in place for more than ten years. Human Resources department reviews the policies after every five years to fit with the current market trend to retain hard working employees. Last month they launched a program known as 'In your shoes' where every employee was supposed to work on a colleague's desk for a few days to try to feel and appreciate what they do. Currently Human Resources division is also conducting a workshop on culture training.

The culture system in place assists employees in the achievement of strategic objectives plan by setting performance targets every year. Employees who meet the set performance targets are rewarded accordingly based on the existing organisation culture. They are rewarded monetary value in form bonuses and also non-monetary value in form of promotions and an award known as Simba award.

4.3 Results on Performance

According to the respondents, performance was defined as the ability to attain the set goals. High performance cultures are not dependent on one simple factor or as a result of one or two things. The entire context they operate in greatly impacts the results. This context included the culture of the company – how things get done, how decisions get made, what works and does not work as far as behaviors and what gets rewarded and how.

Respondents confirmed that their success was attributed to the cultures in place.

Employees who performed well were well rewarded thus contributing to achieving the company's objective which among them is to post profits. Bonuses were rewarded based on the profits made at the end of each year which was translated to how hard each individual worked towards generating the income/profits. Individuals who scored highly were rewarded further by getting promotions to the next higher positions. As a result, respondents were motivated and confirmed that their skills were well utilized and technical support provided while on the job.

Majority of the employees confirmed that they are treated as intellectual capital and are looked after well. The organisation opened communication channels where staff could air their views without being victimized and offered various products for its staff which ensures they are satisfied.

4.4 Organisation Culture and Performance

Majority of the respondents supported a positive link between culture and performance. However, they proposed that culture would remain linked with superior performance only if the culture is able to adapt to changes in environmental conditions. Furthermore, the culture must not only be extensively shared, but it must also have unique qualities which cannot be imitated. The key to building a high performing culture is to make sure you consider 'what' and 'how' you will get to your destination points- the clear definitions of where you are going in a specific time frame.

Respondents supported that the work culture of an organisation, to a large extent, is influenced by the formal components of organisational culture. Roles, responsibilities, accountability, rules and regulations are components of formal culture. They set the expectations that the organisation has from every member and indicates the

consequences if these expectations are not fulfilled i.e. Mission, Vision, policies and rules. The degree of commitment the members have to these core values, the higher the performance and commitment, the stronger the culture the higher the possibility of behaviour consistency amongst its members, while a weak culture opens avenues for each one of the members showing concerns unique to themselves.

Respondents concluded that organisation culture and performance have mutually reciprocating relationship. If strong culture helps building high performance company, the past performance and successes shape influence people behaviours which with time become part of the culture. Such strong culture acts like intrinsic motivator. Empowerment, decisiveness, learning attitude, and team working are some of the attributes of strong organizational culture. Culture enables people to see the goal alignment and motivates them to higher levels of performance, as shared values make people feel good about the organization and commit their capability and potential sincerely for the company. Culture at this level is the real driver for superior performance and a definite source of competitive advantage that is very difficult for competitors to emulate. Additionally, organisation cultures that explicitly emphasize factors related to the demands placed on them by industry, technology and growth are better performers in achieving the company's objectives.

4.4.1 Organisation Culture, Performance and Leadership

According to most respondents, the organisation had adaptive cultures. Adaptive culture performs better than organisations with unadaptive cultures. An adaptive culture translates into organisational success. It is characterised by managers paying close attention to all of their constituencies, initiating change when needed and taking

risks. An unadaptive culture can significantly reduce a firm's effectiveness disabling the firm from pursuing all its competitive/operational options.

Through organisation wide discussions which help develop commitment among employees, the organisation operates with the help of task teams designed for specific requirements for a specific period to carry out the work. Team culture and openness between the management and employees were emphasised a great deal.

4.4.2 Organisation Culture, Performance and Job satisfaction

Majority of the respondents were happy to be associated with the Bank as they developed a slogan 'KCB is a good employer'. They confirmed that the culture in place is what has made them achieve better results every year. The employer gave all employees equal opportunities and allowed them to advance their careers through promotions, allowing them to further their studies and also providing them with a learning facility at the bank.

The respondents confirmed that looking for opportunities in other institutions was out of option and this was evidenced by the number of staff who joined the organisation as clerks and now they are heading units and the number of senior staff in the organisation who are planning to retire. The junior staffs also have high hopes that they will grow to higher positions.

CHAPTER FIVE : SUMMARY, CONCLUSION AND

RECOMMENDATIONS

5.1 Introduction

This chapter gives a summary of the research conclusions drawn from the study. It also gives some recommendations useful to the bank under study and other banks for further research.

5.2 Summary

The research findings are briefly discussed in terms of the research objective which was to analyze the influence of organization culture on performance at KCB. These results indicate that organisation culture have an impact on the performance of KCB. The level of awareness on the existence organization culture was quite high among the respondents indicating the high level of publicity. Availability of information on organisation culture was high but the Origin/ Certification of Origin of those cultures at KCB Limited was rather low. The most important sources of information on organization culture and performance according to the respondents were the KCB intranet, Company stationery and Key mission statements indicated on the back of the staff Identification cards.

The response on "*whether there is a link between organization culture and performance*" was overwhelmingly in the affirmative of the respondents. They viewed all the procedures in place and found it to be relevant. There was an overwhelming support that works done according to the laid procedures leads to improved production and greater results. There was however room for improving the awareness according to the respondents.

The opportunities for personal growth and professional learning were also recognized as key attributes of employee performance. Personal growth, referred to comprehensive personal development indicating the employees' desire to grow with the company in terms of self-realization and overall self-enhancement.

Common routines cited by the respondents as affecting their performance and others complained that not all employees are the same thus the most aggressive ones would end up with greater results achieved and the non-aggressive ones would never achieve the set results hence no promotions and rewards. Several measures were suggested to address the negative effects of routines and these was adoption of common terms and conditions and harmonization of the routine procedures.

Research examined the assessment and development of organisational culture in the organisation. Organisational culture was defined as a solution created by an organisation for the demands set by the core task. The development of an organisation's operation required an understanding of the overall dynamics (culture) of the organisation's activities, but also an assessment of the impact of culture on performance. However, no universal criteria of operational efficiency exist. They were determined on a case-by-case basis.

5.3 Conclusion

Availability of information and awareness of organizational culture and performance revealed that KCB know how to develop their cultures in an effective way most probably have the benefit of advancement in productivity and the quality of work life among the employees. Indeed, employees absorb the organizational culture at the maximum strength and the top management provides a precise guideline and direction to motivate the employees in achieving the company's objectives.

5.4 Recommendations

The new employees in the organisation are anticipated to learn and identify the work values and cultural behaviors of the employees within the organization and try to adapt into that culture in the organisation. This seems to be possible even though the employees may be influenced by their own national culture.

Organisation culture positively influences performance on the HRM practices and leadership i.e. career development, staffing, compensation and participative management. Based on the content analysis, the majority of respondents tend to prefer for people with good character to people with good skill at work. It may be concluded that employee who have good character will likely able to use their capability in working with other people. Whereas, cooperation is required for every employee to pursue organizational objective.

Determining the culture prevailing in a company at some moment in time requires the study of the company's values, practices, artifacts and of the core task defined by them. By comparing these elements an attempt is made to clarify the underlying assumptions prevailing in a company. Core-task analysis, on the other hand, helps to determine the main content of work and the critical demands it sets for working practices.

Consequently, a company living solidly by the company values represents an ideal value-driven environment with which the employees can identify. Thus, the existence and enforcement of corporate values clearly strengthens employee attachment to the company in that they are perceived as being somewhat unique and something definitely worth striving for.

5.4 Recommendations

Future research is significant in examining the relationship between organisation culture and performance among other companies in different business sectors. It should be aimed to ascertain the culture adopted by local and foreign multinational companies because most of those companies might face the culture diversities when involved in the international business expansion. In view of the small sample, generalizability of the findings of this study to a wider population is impossible. Thus drawing of any conclusion from this study should be done carefully.

The research shows that organisation culture positively influence leadership skills and HRM practices. Therefore, it is important for practicing managers to take cultural factor into account in formulating and adopting HRM concepts in the organisation. The reason is that HRM concepts always contain unspoken assumption that is underlying values in the certain society.

The research respondent were KCB employees. However, because of fear, it is possible that the respondents answered the questions based on their self-interest i.e. for the sake of organizational interest, not based on what they felt as individuals. One other possible limitation was that the participants may have been able to recognize a desirable answer for the question.

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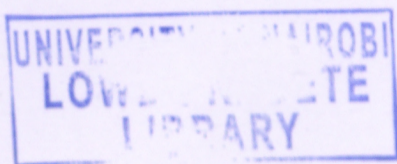
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Appendix 3: Interview Guide APPENDICES

Appendix 1: List of functional units of KCB Limited.

1. Human Resource
2. Credit
3. Marketing
4. Retail Banking
5. Operations
6. Finance
7. Information Technology

SECTION TWO: ORGANISATION CULTURE

1. Does the organisation have culture policies in place?
2. How long have they been in place for your organisation?
3. How often does your organisation review the policies?
4. In your opinion, does Organisation culture assist in the achievement of strategic plan objectives?
5. Is there a link between organisation culture and performance in the organisation?
6. Does the organisation inform guide and train employees on the culture system in the company?
7. Is there a policy guide on reward for meeting performance targets based on organisation culture?

SECTION THREE: PERFORMANCE

1. Does your organisation help you obtain technical knowledge and expertise needed for you to excel in each of your position and provide opportunities to utilize your skills and knowledge on the job?

Appendix 2: Interview Guide

SECTION ONE: GENERAL INFORMATION

1. Job title
2. Responsibilities in the department
3. Period of employment with KCB Ltd
4. What is your division?
5. What is your understanding of organisational culture?
6. What is its importance in terms of performance?

SECTION TWO: ORGANISATION CULTURE

1. Does the organisation have culture policies in place?
2. How long have they been in place for your organisation?
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4. In your opinion, does Organisation culture assist in the achievement of strategic plan objectives?
5. Is there a link between organisation culture and performance in the organisation?
6. Does the organisation inform guide and train employees on the culture system in the company?
7. Is there a policy guide on reward for meeting performance targets based on organisation culture?

SECTION THREE: PERFORMANCE

1. Does your organisation help you obtain technical knowledge and expertise needed for you to effect function at your position and provide opportunities to utilize your skills and knowledge on the job?

2. How would you best describe the work climate and morale within your organisation?
3. Do your opinions and suggestions value in your organisation?
4. How well do you describe the level of job satisfaction in your present job?
5. How does your organisation reward and acknowledge individuals and groups for innovation and exceptional work?