INFLUENCE OF ORGANIZATIONAL CULTURE ON FINANCIAL CRIME PREVENTION AT THE STANDARD CHARTERED BANK IN KENYA

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DECLARATION

This research project is my original work and has not been presented for a degree at any other university for examination.

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D61/86164/2016

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

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DEDICATION

This research project is dedicated to my beloved mum Dr Jane W. Mbatia and my sonshines Sweet Williams and Favoured Lisha.

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ABSTRACT

Financial crimes have major implication on a country economy including aiding social ills such as terrorism, drug and human trafficking, and corruption. For individual banks, financial crime can damage the company reputation and subject the company to penalties and litigations. This study sought to investigate how organizational culture influence financial crime prevention at the Standard Chartered Bank in Kenya. Organizational culture shapes and guides the behaviours and attitude of employees and the organization. Despite its significance, few studies have examined the influence of organizational culture on financial crime prevention in the Kenyan banking context. Three component of organizational culture were assessed namely: espoused values, underlying assumptions, and rules and procedures. The current study utilized the descriptive survey design where 212 employees of the Standard Chartered Bank head office were targeted. From this population, a sample 68 respondents were selected using the stratified random sampling technique. Data was collected using structured questionnaires and analysed using both descriptive and inferential statistics. Results revealed that Standard Chartered Bank had espoused values, underlying assumptions, and rules and procedures that support the prevention of financial crime. The three organizational culture variables jointly explained 50.6% of the variances in financial crime prevention. However, when considered independently, espoused values (β=0.03, $p<0.781$) and underlying assumptions (β= 0.158) had not statistically significant influence on financial crime prevention. Only rules and procedures (β=0.425, $p<0.001$) was found to have a statistically significant and positive influence on financial crime prevention. Additional analyses showed that the regression model comprising of rules and procedures as the only independent variable had an r-square of 0.413 while the model comprising of all the three component of organizational culture had an r-square of 0.506. This implies that espoused value and underlying assumption are not completely irrelevant as their inclusion in the model increases its explanatory power by 0.093 or 9.3%. The findings led to the conclusion that organizational culture as measured in terms of espoused values, underlying assumptions, and rules and procedures has a positive and significant influence on financial crime prevention. Based on this conclusion, the study recommends that to enhance their capacity to prevent financial crime, banks should develop and reinforce rules and procedures that support financial crime prevention efforts. Banks should also promote positive values such as future orientation, ethical decision-making and employee involvement. They should also foster positive expectations and assumptions such as being proactive.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Scholars and professionals of organization culture agree that organizational culture can create a competitive advantage and serve as an important organizational asset. Organizational culture is the means through which the internal and external environments of an organization interact (Tsai, 2011). The business environment is turbulent and dynamic and this provides a challenge for managers on how to effectively manage organization culture to achieve organization goals. Organizational culture operates at the level of daily beliefs and behaviours thereby translating abstract visions into useful information on how to behave and what decisions and trade-offs to make (Cha, 2001).

Financial crime is one of the many operational risks that banks have to deal with. Some financial crimes topologies are insider dealing, terrorism financing, money laundering, fraud, bribery and corruption (Muriithi & Louw, 2017). With improved technology, globalization and multiple channels through which customers can access banking services, there has been an upward rise of financial crimes. Financial crimes topologies have also become more sophisticated as they are very dynamic (Omar, 2016). Banks have increasingly become vigilant to curb financial crimes due to financial crime-related regulatory pressure, reputational image and the impact on financial statements.

Double S Cube model of organizational culture classifies organizational culture in terms of level of solidarity and sociability (Nagar & Hayes, 2015). An organizational culture that has high solidarity and sociability tends to promote positive behaviour such as compliance with policies and regulations. On the other hand, low solidarity and sociability tends to promote negative behaviour such as individualism. The link between organizational culture and financial crime compliance is supported by compliance theory which asserts that effective compliance is attained by organizations where there is congruence between the power used by the organization to influence behaviour, involvement approach adopted by members of the organization, and the goal of the organization (Ponnu & Hassan, 2016).

Banking industry being in the financial services sector has come under regulatory scrutiny to curb financial crimes (Deloitte, 2014). This is despite banks demonstrating that they have invested significant resources in compliance departments. Some professionals of financial crime compliance have suggested that the key to fight financial crime is by having a right corporate culture. The choice of Standard Chartered Bank in Kenya as a case study is because Standard Chartered has had to pay huge fines to the regulator as a result of failure to curb financial crimes. The bank is constantly on the regulators watch list to demonstrate that it is putting relevant measures for financial crime compliance. The bank is also exposed to a variety of financial crimes due to the financial services it offers. This study sought to determine whether the right organizational culture is one of the essential measures for financial crime compliance.

1.1.1 Organizational Culture

Organizational culture is the beliefs and values that have been in an organization for a long period, and to the beliefs of the staff and the foreknown value of their work that impacts their attitudes and behaviours. Organizational culture plays an essential role in creating a happy and healthy working environment. Further, its acceptance and acknowledgement by employees influences their beliefs and attitudes.

When the relationship amongst organization's leadership and employees is good, the latter's job satisfaction is enhanced (Tsai, 2011). Organizational culture often defines how employees interact with each other, how they serve customers and how organizations respond to changes and challenges. Scholars and professionals agree that organizational culture is secret to success of an organization. Companies with a strong organizational culture have highly motivated and well performing employees, employee fraud is low and general 'bad' behaviour is low.

Hofstede cultural dimension theory identified six dimensions that managers can use to distinguish between national cultures (Hofstede, 2011). These dimensions include power distance, individualism versus collectivism, masculinity versus femininity, uncertainty avoidance, long-versus short-term orientation, and indulgence versus restraint (Mooj & Hofstede, 2011). The framework contends that the culture of organization contain elements of the national culture. Shein (2011) identified a different set of organizational culture components namely: observable artefacts, espoused values, and underlying assumptions. He described observable artefacts as the tangible elements of organizational culture such as logos and dress code while espoused values are the standards advocated by the organization leadership.

Schein (2011) thus recognizes leadership and their values as an essential component of organizational culture. According to Schein (2011), behaviours and attitudes convey much more to workers than formal policies and published vision statements. The third component, assumption, refers to expectations shared by members of the organization. Junchen (2012) describes organizational culture as an outline of shared basic assumptions that the group discovered as it resolved its dilemmas of internal integration and external adaptation, which has performed well enough to be deemed valid and, thus, to be instilled to new colleagues as the correct way to think, perceive and feel in relation to those dilemmas. The shared basic assumptions are a key element and soft factor for sustaining a company's competitive advantage.

1.1.2 Financial Crime Prevention

Financial crime occurs when an individual or entity obtains cash, property or services illegitimately or by deceit so as to gain a benefit. Financial crime has a lifecycle as follows: monitoring and testing which involves evaluating financial crime structures and procedures to confirm that they are effectual and modifying systems to tackle changing exterior and interior threats, investigation and remediation which involves assessing actual or alleged financial crime incidents, responding to regulatory issues, remediating what has occurred and taking measures to prevent re-occurrence (Gibson & Lewis, 2014).

The third stage is prevention and detection which involves minimizing financial crime occurrences and detecting early issues and risks through implementation of effectual operational controls. The last stage is compliance which involves acting as per regulatory requirements through effecting governance structures and financial crime tactics (Deloitte, 2014). The effects of financial crimes cannot be undermined, and over the last decade it has become a concern to governments throughout the world as they are a threat to economic development and stability of many countries (Muriithi & Louw, 2017).

Some common financial crimes are fraud, money laundering, terrorism financing, bribery, tax evasion, counterfeiting and forgery, market abuse and insider dealing (Gibson & Lewis, 2014). Technological defences are no longer adequate to control financial crimes as they are growing in frequency, size and sophistication. Pressure, opportunity and rationalization are some of the reasons why the organized criminals commit financial crimes. Pressure is the motivation to commit a financial crime due to financial problem(s), opportunity comes as a result of weak internal controls in an organization and rationalization is a reason to justify the action thereby justifying the crime is not morally wrong (Omar, 2016).

Financial crime prevention refers to efforts placed to combat financial crime. This therefore means acting as per the requirements of relevant authorities, by effecting governance structures and financial crime tactics (Deloitte, 2014). For corporate organizations, failure to combat financial crime can cause a company huge financial losses. For companies that are regulated such as financial institutions, they can lose licenses to operate or be given huge regulatory penalties. The reputation damage thereafter destroys the company's image to existing and potential customers, investors, creditors and employees and the public as a whole (Risk Reward Limited, 2014).

1.1.3 Banking Industry in Kenya

The banking sector is a major economic driver in all parts of the world as it facilitates transmission of money by bringing together borrowers and savers. The Kenyan banking industry is the largest and most advanced in East Africa making Kenya the regional financial hub (Muriithi & Louw, 2017).

As at December 2017, the sector encompassed the Central Bank of Kenya as the regulator, 42 commercial banks, 1 mortgage finance firm, 9 delegate offices of foreign banks, 13 microfinance institutions, 19 money remittances service providers, 73 foreign exchange agencies, 8 non-operating bank holding firms, and 3 credit reference agencies (Central Bank of Kenya, 2018).

One of the major challenges in the banking industry in Kenya is compliance with financial crime regulations. A survey by Price Waterhouse Coopers (2018) ranked Kenya second in the globe in economic crime and fraud. The survey estimated the economic crime rate in Kenya at 75%, which was only second to South Africa. In September 2018, five Kenyan banks namely Standard Chartered Bank, Equity Group, KCB Group, Cooperative Bank of Kenya Ltd. and Diamond Trust Bank were fined a total of Kshs. 392 million for violating anti-money laundering and anti-terrorism regulations (Kangethe, 2018).

The violations included the failure to report large cash transactions, delays in the reporting of suspicious transactions, improper supporting documents for large transactions, and failure to undertake adequate customer due diligence. Failure to comply with financial crime regulations presents a risk to a country is it propagates ills such as terrorism, corruption, drug trafficking and human trafficking. Lapses in financial crime prevention are also a risk to banks as it threatens the image and reputation of banks. In addition, the penalties imposed by the regulator for non-compliance have a negative implication on the financial position of the banks.

1.1.4 Standard Chartered Bank in Kenya

Standard Chartered Bank Kenya is one of the foreign controlled commercial banks in Kenya that is licensed and regulated by the Central Bank of Kenya. It is a subsidiary of the Standard Chartered PLC that has its headquarters in the United Kingdom. Standard Chartered Bank in Kenya was granted license to start banking operations in 1910. Standard Chartered Bank in Kenya is listed on the Nairobi Securities Exchange and is ISO certified.

It is a pioneer of several products and services in the banking industry among them first ATM Automated Banking Centre in Kenya, first to initiate unsecured individual lending and first to begin priority banking services in Kenya for more wealthy clients. Standard Chartered Bank in Kenya offers a range of local and foreign currency banking solutions to meet the transactional, borrowing and investment requirements for clients.

On its official website, Standard Chartered Bank in Kenya has expressed its commitment to running a sustainable business. The bank has identified several ways in which it has endeavoured to promote responsible and sustainable business. One way is by tackling financial crime. Standard Chartered Bank in Kenya states that it has strived to develop the most effective financial crime compliance programmes with the view of protecting its clients, employees and the members of the public.

It recognizes the fight against financial crime as an integral part of good conduct and part of the banks brand promise. Despite this promise, anecdotal evidence suggests that Standard Chartered Bank has not been so effective in complying with financial crime prevention regulations. In September 2018, the bank was among five banks that were penalized by the Central Bank of Kenya for failing to comply with a number of financial crime regulations (Kangethe, 2018).

1.2 Research Problem

Organizational culture shapes and guides employee's behaviours and attitudes. It sets standards of appropriate behaviour thereby regulating employee behaviour. It transforms individual self-interests into something bigger which is equivalent to organization's goals, thus inspiring the desire to succeed. It generates a sense of loyalty to an organization by having a cohesive effect as well as promoting an enterprise culture which in turn inspires innovation, encourages differences and tolerates failure. Organizational culture also impacts the society through radiation in that people will understand deeper values of an organization through artefacts. (Li, 2015). Financial crime prevention has for many years been enhanced through technological interventions, enterprise-wide risk approach framework and improved processes and policies. Organizational culture could also enhance financial crime prevention since it shapes and guides employees behaviours and attitudes.

In the study of the implications of financial crime and corruption on manufacturing corporations in Osun State of Nigeria by Jimoh (2015), 70 employees randomly selected from 6 manufacturing firms in Osun State were interviewed through a questionnaire. The finding was that financial crimes and corruption exposed organizations to risks such as reputational, regulatory, compliance and financial. Once a financial crime is uncovered in an organization, it can affect public confidence, undermine investor and customer trust. The study recommended that the organization's leadership should ensure incidents of financial crime and corruption are reported to authorities and they should install effective internal control systems, policies and operations. This study did not recommend a change of organizational culture as a means of controlling financial crimes and corruption.

Another study by Mateus (2017) studied how Portuguese culture influences detection and prevention of money laundering in a Portuguese bank. He conducted interviews on five staff in the compliance department at the bank. He used Hofstede's dimensions of culture and the results of his study were that Portuguese culture can influence the detection stage of money laundering crimes and terrorist financing. Individualism vs. Collectivism, Power Distance and Uncertainty avoidance have an influence on the detection of money laundering crimes and terrorism financing in Portugal. More research will have to be conducted to link Masculinity vs. Femininity, Long-term vs. Short Term Orientation and Indulgence vs. Restraint. This study interviewed employees of compliance department instead of sampling a number of employees in other departments.

In a different study, Nakiyaga (2017) studied how organizational culture influences internal control effectiveness at the Uganda Revenue Authority (URA), and specifically the part played by senior management. The study relied on primary and secondary data to understand major concepts of organizational culture, effectiveness of internal controls and role of top management in aligning organizational culture to achieve effective internal controls. The finding was that URA had a tiered organizational culture, and that top management played an influential role towards shaping an organizational culture to realize the sought-after internal control objective. URA's management may not implement effective internal controls because Uganda is an emerging corrupt economy.

Locally in Kenya, a number of academic papers have focused on organizational culture and employee or corporate performance. Kising'u (2017) studied the role of organizational culture on organizational performance on commercial banks in Voi Sub-County. Stratified random sampling was used to pick 43 respondents and data was collected by use of a questionnaire. The finding was that organizational culture influences organizational performance. The study sampled employees of several banks to make a conclusion yet the commercial banks could have different organizational cultures.

Afande (2015) studied on whether the use of regulatory policies would be effective in the battle against money laundering in Kenya. The study centred on 9 listed banks at the Nairobi Stock Exchange and 2 telecommunication service providers licensed to provide money transfer services. Questionnaires and interviews were used to collect primary data. The findings were that there were a number of factors influencing the adoption of money laundering practices in Kenya and there were a number of challenges in implementing money laundering regulatory policies. The concept of the study was limited to regulatory policies in battle against money laundering.

Kimemia (2013) studied organizational culture and corruption in the context of select non-governmental organizations in Kenya and the findings was that there was no association between organizational culture and corruption practices. The sample size selected was thirty non-governmental organizations which was too small and it was conveniently selected from Nairobi.

In a study of fraud risk assessment plan in the context of Standard Chartered Bank Kenya by Kimani (2011), the researcher proposed the bank to adopt a six-step fraud risk management plan, among them being developing an anti-fraud strategy. Primary data was collected from fraud specialist at the bank while a lot of secondary day was relied on. The study did not demonstrate the extent to which an anti-fraud culture is effective in fraud risk management.

In the studies reviewed, it is clear that there were unaddressed knowledge gaps. The variables in the studies were different, the context and methodology was also different. Thus, these studies did not address the influence of organizational culture on financial crime prevention in the context of Standard Chartered Bank in Kenya. In view of these limitations, this study hoped to answer the question: how does Organizational Culture influence Financial Crime Prevention at Standard Chartered Bank in Kenya?

1.3 Research Objective

The research objective was to determine how Organizational Culture influences Financial Crime Prevention at Standard Chartered Bank in Kenya.

1.4 Value of the Study

The study is of benefit to the management of Standard Chartered Bank in Kenya as it highlights how the culture of their organization affects financial crime prevention. This knowledge has enabled the management to address gaps in their organizational culture that could be hindering financial crime prevention. The results of this study are valuable to the banking sector as a whole as it helps the banking sector understand how organizational culture can help reduce financial crime incidences and later enhance financial crime prevention.

The study is of value to policy makers. The results of this study are available for use as a basis of formulating regulatory guidelines by the Government of Kenya through the Central Bank of Kenya. Through the discoveries of this study, the Central Bank of Kenya has learnt how organizational culture aides or deters financial crime prevention. The Central Bank of Kenya can use this knowledge to develop policy interventions for strengthening the organizational culture of financial institutions with the view of promoting financial crime prevention.

The study is beneficial to governance, risk and financial crime consultants as it has enhanced their understanding of how organizational culture influences financial crime prevention. With this knowledge, a governance, risk and financial crime consultant is in a position to provide better advice to clients regarding how to cultivate an organizational culture that promotes financial crime prevention.

The finding of this study is valuable to future scholars by acting as an empirical source of literature. Future scholars can refer to this study to inform the development of literature in future studies related to organizational culture and financial crime prevention. The study has also recommended areas for further researcher and thus supported future research on the subject of financial crime prevention.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Banks play a vital role in the advancement of a country's' economy as they link savers to borrowers, facilitate transfer of funds, and support payment systems among other services (Muriithi & Louw, 2017). These institutions can however be misused to aid crimes such as drug and human trafficking, terrorism, fraud and embezzlement, and tax evasion among others. These crimes pose a substantial threat to the development and stability of economies.

In Kenya, the Central Bank has formulated regulations that banks are supposed to follow in order to deter or detect crimes (Price Waterhouse Cooper, 2018). Evidence suggests deficiency in the banks adherence to set financial crimes regulations. The deficiency can be attributed to various factors among them the organizational cultures of banks. This report assessed the effect of Organizational Culture on Financial Crime Prevention at Standard Chartered Bank in Kenya.

This chapter precisely addressed theoretical foundation, models, and typologies guiding the study. The chapter also examined empirical literatures that have been conducted to examine components of organizational culture, measurements of financial crime prevention, and the relationship between organizational culture and financial crime prevention.

2.2 Theoretical Foundation, Models, and Typologies

This section highlights some existing theories with regards to organizational culture and financial crime compliance so as to predict, explain and analyse the problem of study. The theories highlighted are Compliance Theory and Double S Cube Model of Organizational Culture.

2.2.1 Compliance Theory

Developed by Etzioni in 1975, compliance theory explains how organizations control and direct the behaviour of its members (Lunenburg, 2012). The theory asserts that effective compliance is attained when there is congruence between the power used by the organization to influence behaviour, involvement approach adopted by members of the organization, and the goal of the organization. It identified three powers that organizations can use to influence members behaviours: coercive, utilitarian, and normative.

The coercive power entails the use of force and fear to control behaviours such as setting heavy penalties for individuals who violate company policies (Gibson & Lewis, 2014). Utilitarian power entails use of extrinsic rewards to influence behaviour such as increasing the remuneration of employees who adhere to company policies. Normative approach entails the use of nonmaterial incentives to direct behaviours such as inculcating values, establishing high moral standards, and setting moral goals (Lunenburg, 2012).

Involvement refers to the orientation that members adopt towards the power used by the organization. Compliance theory identified three types of involvement: alienative, calculative, and moral (Indik & Berrien, 2008). Alienative involvement is an orientation where members do not share the values of the organization as they tend to isolate themselves. Calculative involvement is an orientation where members have a combination of positive and negative commitment towards the organization (Gibson & Lewis, 2014). Moral involvement is an orientation where members develop a moral high-level commitment towards the organization.

Compliance theory further identified three major goals that organizations pursue: order goals, economic goals, and cultural goals (Gibson & Lewis, 2014). Order goals are usually pursued by organizations that seek to control behaviours that are considered deviant such as prisons. Economic goals are pursued by organizations that seek to produce goods and services for sale at a profit. Cultural goals are pursued by organizations that seek to maintain the beliefs and values of society such as churches and mosques (Lunenburg, 2012). Effective compliance is achieved when the organization power matches the involvement orientation of its members, as well as its goal.

2.2.2 Double S Cube Model of Organizational Culture

This is a two by two matrix that classifies four cultures by relying on high and low solidarity and sociability. Solidarity refers to scenarios where people think together in same ways, allocation of tasks and common interests (Ponnu & Hassan, 2016). High levels of solidarity implies job is effectively and efficiently done while low solidarity levels implies people prefer individuality, there is less concern for others and there are high levels of internal conflicts. Sociability is the friendly nature among staff in an organization. It is about mutual esteem and concern for others (Nagar & Hayes, 2015). High sociability implies people help each other to succeed and win together. Low sociability implies that people cover up for other people and tolerate poor performance so as to save friendships or are ignorant of others mistakes.

From the dimensions of solidarity and sociability, there are four types of organizational culture: Fragmented, Communal, Networked and Mercenary (Nagar & Hayes, 2015). Fragmented culture is characterized by low solidarity and low sociability. People prefer individuality and there is little communication or is focused on specific topics. Employees tend to group themselves by their profession and find no need of identifying themselves with the organization. Organizations with this culture tend to be un-governable and rudderless (Ponnu & Hassan, 2016).

Communal culture is characterized by high solidarity and high sociability. This allows free communication and junior employees feel part of the organization as they are involved in formal and informal matters relating to the organization. Networked culture is highly sociable with low solidarity. This work environment becomes favourable to all as people are allowed to have relaxed conversation with each other free of intimidation (Ponnu & Hassan, 2016).

Mercenary culture is characterized with high solidarity and low sociability. The desire of individuals in such organizations is to achieve organization objectives and non-performers are not tolerated (Nagar & Hayes, 2015). Formal communication is highly encouraged and idle talk is highly discouraged.

2.3 Empirical Studies and Knowledge Gaps

This section examines empirical studies that are related to the research issue. Particularly, the section reviewed studies that have explored the components of organizational culture, measurements of financial crime prevention, and the relationship between organizational culture and financial crime prevention.

2.3.1 Components of Organizational Culture

The term organizational culture has attracted multiple definitions. Kumar (2016) defined it as the way of life in a given company while Stok *et al.* (2010) defined it as shared assumptions and norms that have been learned by members of the organization as group. According to Acar and Acar (2014), organizational culture comprises of general values, philosophies, and expectations that hold together an organization. It is expressed in terms of an entity's inner ways of doing things, a firm's self-image, and interaction with external actors. It encompasses the ethical and moral norms that have been nurtured in an institution (Kumar, 2016).

Schein categorized organizational culture into three fundamental categories: observable artefacts, espoused values, and underlying assumptions. Observable artefacts are tangible elements that represent the culture of a given corporation (Acar & Acar, 2014). Example of artefacts that convey organizational culture include logos, employees dress codes, the architecture and physical surrounding of the company, products, published values and mission statement, ceremonies, and myths and stories. Espoused values are tenets advanced by the company's management (Kumar, 2016). They should be distinguished from enacted values, which are the tenets reflected in employees actual behaviours. Shein (2011) asserts that the values communicated by the management shape the behaviours of other employees and thus are essential components of organizational culture. Values act as standard for guiding the conduct of organizational members. Underlying assumptions are expectations that are entrenched within an organization (Acar & Acar, 2014). These expectations shape the attitude, thought processes, and behaviours of members and thus are also essential components of the organizational culture.

In their Organizational Culture Assessment Instrument (OCAI), Robert Quinn and Kim Cameron identified a different set of components that define organizational culture (Mahran, 2016). These components include dominant characteristics, organizational leadership, management of employees, organizational glue, strategic emphasis, and criteria for success. Based on these components, an organizational culture can be classified into four major categories namely clan, adhocracy, market, and hierarchical. Level of flexibility refers to the extent to which members of the organization are given autonomy and not restricted by bureaucracies and formalities while orientation refers to whether the company is driven by internal or external forces (Odor, 2018). The clan culture is characterized by high level of flexibility and an internal orientation while the adhocracy culture is typified by high level of flexibility and an external orientation (Mahran, 2016). The market culture is defined by low level of flexibility and an external orientation while the hierarchical structure exhibits low level of flexibility and an internal orientation.

The OCAI scale has find application in numerous empirical studies and has been found to provide a valid assessment of organizational culture. Lizbetinova, Lorincova, and Caha (2016) used the OCAI to examine the influence of organizational culture on innovation in logistic enterprises in Slovakia. The scale proved to be a useful tool for diagnosing the dominant organizational culture among the sampled enterprises.

In Kenya, Odhiambo, Kibera, and Musyoka (2015) used six components modified from the OCAI scale in their study assessing influence of organization culture on performance of microfinance institutions in Kenya. These components include leadership emphasis, reward system, innovativeness, structure, and employee driven. The components also provided a comprehensive assessment of the organizational structure of the microfinance institutions.

2.3.2 Measurements of Financial Crime Prevention

Compliance theory defines the term compliance as the act of behaving in accordance with a directive given by another actor’s power (Gibson & Lewis, 2014). Compliance exists in all social units. In organizations, compliance is a function of compliance structure; a comprehensive program that enables institutions and their employees to execute their activities and operations in an ethical manner as well as in line with set standards. Compliance is a vital requirement of doing business in the financial sector due to its significance to economy, sensitivity, and vulnerability. The concept of compliance with financial crime regulation has been measured in various ways in different studies.

In their study, Said *et al.* (2013) examined money laundering prevention measures among commercial banks in Malaysia. They used the survey design where data was collected from 39 heads of compliance using questionnaires. Results showed that Malaysian Banks had put in place various measures to prevent money laundering, which include appointment of a compliance officer to manage the compliance program, allocation of adequate resources to manage the compliance program, implementation of client identification procedures, adherence to reporting requirements, observance of record keeping obligations, regular compliance reviews, regular risk assessments, regular monitoring of accounts with suspicious activities, and sharing of laundering information with law enforcement agencies. Although this study provides a good approach to measuring financial crime compliance, it does not explore the link between compliance and organizational culture, which is the focus of the proposed study.

An important marker of financial crime prevention is the presence of an effective framework for preventing financial crime. According to Skandalis (2017), an effective anti-financial crime framework should comprise: enhanced due diligence, system to enable effective risk monitoring, assessment of third party risks, and identification of beneficial ownership. Skandalis (2017) further asserts that an effective financial crime prevention framework can no longer be viewed as a checklist of regulatory requirements but rather a corporate culture built on ethos. Its effectiveness is no longer measured in terms of degree of conformity to the rules and regulation but rather on the level of clarity and integrity that organizations adopt in a practice sense.

In their study, Mulligan (2015) examined the effect of anti-laundering deficiency on the performance of banks. The study made use of secondary data including Global Finance's "World Biggest Bank" list, and "World's 50 Safest Banks" list to assess anti-laundering compliance and bank performance. The study used the number of regulatory breaches and the presence of fines, citations, and sanction as indicators of anti-laundering deficiency. These indicators can also be applied in the measurement of financial crime prevention. Mulligan (2015) examined the connection between compliance and bank performance, rather than the link between organizational culture and financial crime prevention.

In Kenya, Murithi (2013) examined the effect of anti-money laundering (AML) regulation implementation on the financial performance of commercial banks. It focused on 31 commercial banks from which data was collected using questionnaire.AML regulation implementation was measured in terms of level of transaction screening, frequency of reporting, and comprehensiveness of prepared reports. Murithi (2013) assessed regulation implementation in terms of adequacy of staff tasked with the monitoring bank transactions, training of staff on AML issues, creation of a centralized customer account opening centre, customer identification and screening program, allocation of resources to combat money laundering, and presence of an audit function to test and review compliance programs. The study by Murithi (2013) also did not link financial crime prevention to organizational culture.

In a different study, Michugu (2014) examined the effect of AML regulations on the financial performance in Kenyan Bank. The study used a descriptive design where data was collected from 80 staff of Chase Bank using questionnaires. Compliance with AML regulation was measured in terms level of screening of transactions, number of external fraud cases, and due diligence and background check during employment. Although the study by Michugu (2014) provides a useful approach from measuring financial crime prevention, it examined the relationship between prevention and performance rather than the relationship between organizational culture and compliance.

2.3.3 Organizational Culture and Financial Crime Prevention

Many professionals and some scholars of financial crime are of the opinion that strong corporate culture is essential in preventing incidents of financial crime. Regulators are increasingly looking for evidence that compliance and risk are valued in an organization specifically in terms of support from the board or senior management. (Deloitte Corporate Finance Limited & Thomson Reuters, 2017). Even as other measures such as technological interventions are put in place to ensure financial crime prevention, strong organizational culture is essential. The tone of financial crime prevention should be set at the top and cascaded downwards (Deloitte, 2014). A number of studies have examined the link between organizational culture and financial crime prevention.

In their study, Yamen *et al.* (2018) examined the effect of national culture on financial crime using data from 78 countries. National culture was operationalized using the Hofstede's cultural framework while financial crime was measured using the Basel Anti-Money Laundering (AML) index. Findings revealed the countries that had low uncertainty avoidance, low individualism, low long-term orientation, and high masculinity were more likely to have a high level of financial crime. Yamen *et al*. (2018) recommended that besides enacting laws and regulation, societies also need to address cultural factors in order to reduce financial crime. This study however examined the relationship between national culture and financial crime rather than organizational culture.

The study by Omar *et al.* (2015) examined the relationship between organizational culture and occurrence of financial statement fraud. The study was a systematic literature review that examined empirical studies conducted in relation to the research topic. The study defined financial statement fraud as the falsification of financial statements in order to mislead investors. Findings showed that a culture of integrity especially among CEOs and the top officers has a major impact on financial statement fraud. Organizational leaders who are more interested in personal enrichment at the cost of shareholders are more likely to engage in financial statement fraud. This study however examined the relationship between organizational culture and financial statement fraud, which is just one type of financial crime.

The study by Burdon and Sorour (2018) explored the evolution of a compliance culture in the UK financial service sector. It utilize the longitudinal design where records of fines issued by the UK financial regulators to non-complying institutions were analysed using the qualitative content analysis method. It was found that compliance culture is shaped by myriad of organizational variables including the style of leadership, and organizational values and beliefs relating to principles of financial regulation. Compliance culture may range from non-compliance to over compliance with some organizations being extremely proactive and other making minimal efforts to achieve compliance. The study by Burdon and Sorour (2018) however focused on the financial organizations in the UK and thus findings may not reflect the existing situation in the Kenyan Banking sector.

Another study by Mateus (2017) studied how Portuguese culture influences detection and prevention of money laundering in a Portuguese bank. He conducted interviews on five staff in the compliance department at the bank. Mateus (2017) used Hofstede's dimensions of culture and the results of his study were that Portuguese culture can influence the detection stage of money laundering crimes and terrorist financing. Individualism vs. Collectivism, Power Distance and Uncertainty avoidance have an influence on the detection of money laundering crimes and terrorism financing in Portugal. More research will have to be conducted to link Masculinity vs. Femininity, Long-term vs. Short Term Orientation and Indulgence vs. Restraint. This study interviewed employees of compliance department instead of sampling a number of employees in other departments.

In Kenya, studies examining the link between organizational culture and financial crime compliance are sparse. However, the study by Ayugu (2015) was able to link organizational culture with ethical behaviour at the Kenya National Examination Council (KNEC). The study examined factors influencing ethical behaviour in organizations. It employed the descriptive design where data was collected from 80 employees of the KNEC. Finding showed that the presence of an organizational climate that promotes integrity and honesty and that encourage people to consider the ethical consequences of their actions tend to encourage ethical behaviour. The study by Ayugu (2015) was however different from this study as it focused on ethical behaviour which is a much broader concept than financial crime prevention. The study was also conducted in the education sector rather than financial sector.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Research methodology refers to specific strategies, techniques, and procedures that the researcher plans to use to identify, select, gather, and process information regarding the research issues (Creswell, 2014). The research methodology section enables research consumers to evaluate the overall quality of the study including its validity and reliability. This chapter discusses the methodology that was used to investigate how Organizational Culture influences Financial Crime Prevention at Standard Chartered Bank in Kenya.

The most important methodological choice that researchers make is whether to use quantitative or qualitative approaches. Quantitative research approach which is designed to collect measurable data is often used to test relationships and hypothesis (Creswell, 2014). On the other hand, qualitative approach is designed to describe experiences and ideas and understand meaning. A study can also combine quantitative and qualitative approaches to triangulate findings.

This study used quantitative approach since the objective of the study was to examine the relationship between Organizational Culture and Financial Crime Prevention at Standard Chartered Bank in Kenya. Elements discussed in this section include research design, population of the study, sampling design, data collection tools and data analysis techniques.

3.2 Research Design

Research design is the overall scheme that the researcher used to conduct the study. It is the blueprint that brings together the identified components of the study resulting in a plausible outcome (Abutabenjeh & Jaradat, 2018). There are three main research designs: descriptive, exploratory, and explanatory.

Exploratory design is conducted to discover more information about an issue of interest and is usually applied on issues that have not been studied before (Creswell, 2014). Descriptive design focuses on examining the phenomenon of interest as they exist in the study setting without manipulating them in any way. Explanatory design entails manipulating independent variables so as to observe effect on the dependent variable (Aburabenjeh & Jaradat, 2018).

The appropriate research design for this study was the descriptive survey design since the researcher had no control over study variables and hence they could only be studied without manipulating them. This design entailed examining the study variables by collecting the views and opinion of individuals who are directly exposed to these variables (Bryman, 2016).

3.3 Population of the Study

The population of study refers to all individuals or objects that hold the characteristics that are of interest to the study (Creswell, 2014). The term refers to all individuals or objects that can be examined in order to arrive at justified conclusions regarding the topic of study (Bryman, 2016). They form the focus of the inquiry.

The study targeted all the 212 employees at the Standard Chartered Bank Kenya Head Office located in Nairobi. Employees were targeted because they have directly experienced the culture of the organization as well as its crime prevention practices.

The focus on the head office was informed by the fact that this location gave access to many categories of bank employees including those involved in making policy decision. The head office also provided access to senior bank employees who are better informed about the banks financial crime prevention issues as well as issues regarding the organizational culture.

3.4 Sampling Design

From the target population, a sample of 68 respondents was selected using the stratified random sampling method. The sample size was arrived at using the Slovin sample size formula.

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = sample size

N= Target population, which for this study is 212 employees

e = margin of error, which the error that is expected as result of the sample not being exactly the same as the population. According to Hazra (2017) margin of error for a survey study should be between 5% and 10% and should be determined by the homogeneity of the population.

Since the population of employees at the bank was more homogenous, a margin of error of 10% was set for this study. Therefore, the appropriate sample size for the study was:

$$n = \frac{212}{1 + 212(0.1)^2}$$

$$n = 67.94$$

$$\mathrm{n} \approx 68 \text{ respondents}$$

Stratified random sampling technique entails dividing the population into internally homogenous groups known as strata and picking respondents from each stratum randomly (Creswell, 2014). The researcher divided the population into 12 strata in line with the Banks departments as shown in Table 3.1. This approached increased the representativeness of the sample as it gave employees from all departments the opportunity to participate Bryman (2016).

Table 3. 1: Sampling Plan

Department	Population	Sampling Proportion (%)	Sample
Corporate & Institutional Client	25	11.8	8
Commercial Banking	16	7.5	5
Retail Banking	50	23.5	15
Risk & Compliance	9	4.2	3
Finance & Credit	12	5.7	4
CEO Office	4	1.9	1
Human Resource	5	2.4	2
Legal	4	1.9	1
Brand, Marketing and Corporate Affairs	5	2.4	2
Information Technology	8	3.8	3
Treasury and Wealth Management	15	7.1	5
Operations	59	27.8	19
Total	**212**	**100.0**	**68**

***Source**: Standard Chartered Bank (2019)*

3.5 Data Collection

Data collection is the activity of gathering information regarding the variables that are of interest to the study (Creswell, 2014). Data collection method determines the ability of the study to answer the research questions and address the research issues. To be effective, data collection method should be determined by the type of data required and the objectives of the study.

The current study made use of questionnaires with closed-ended questions to collect data. They were selected because they could facilitate the collection of large amount of data with a short period of time (Hazra, 2017). The questionnaire had three sections: Section A for bio-data information, Section B for independent variable information and Section C for dependent variable information.

The drop-off and pick-up method was used to distribute the questionnaires. The researcher delivered the questionnaire to the head office in person, distributed the questionnaires, and returned after one week to pick the completed questionnaires. This method was preferred because it increased the response rate by giving the researcher an opportunity to create a good rapport with the respondents (Bryman, 2016).

3.6 Data Analysis

Data collected was checked for completeness and consistency in preparation for analysis. It was then coded and entered into the Statistical Package for Social Sciences (SPSS) and analysed using both descriptive and inferential statistics. Descriptive statistics focused on summarizing data on individual variables such as organizational culture and financial crime prevention.

Inferential statistics was used to test the relationship between organizational culture and financial crime prevention. Multiple linear regression analysis was used for the inferential analysis. The following model guided the analysis.

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_2 X_2 + e$

Where, Y= financial crime prevention at Standard Chartered Bank, β_0 = constant, β_1, β_2, β_3,= Beta coefficients, X_1 = espoused values, X_2 =underlying assumptions, X_3 = rules & procedures, and e= error term.

CHAPTER FOUR: DATA ANALYSIS AND DISCUSSION OF RESULTS

4.1 Introduction

The goal of this study was to examine the influence of Organizational Culture on Financial Crime Prevention at the Standard Chartered Bank in Kenya. It was observed that financial crimes have major ramification for financial institution and the general economy of the country (Kangethe, 2018). Despite the central role that organizational culture plays in shaping the behaviors of organizations, few studies have examined how organization culture shapes financial crime prevention in the Kenyan banking sector.

To address this research gap, the current study used the descriptive survey design where data was collected from a sample of employees from the Standard Chartered Bank head offices in Nairobi using questionnaires. This chapter discusses how the data analyses was done as well as present and interpret the findings.

The chapter first presents and interprets the response rate. It then sets out and discusses results relating to the demographic characteristics of the respondents. It also displays and elucidates findings relating to the organizational culture of Standard Chartered and financial crime prevention at the bank. It concludes by presenting and deliberating the relationship between the two variables.

4.2 Response Rate

Response rate is the percentage of the number of the people who responded to a survey vis-à-vis the total number of people that were expected to participate in the study (Hazra, 2017).

Reporting response rate is essential as it allows the researchers and research consumers to establish whether and the extent to which the study was exposed to non-response bias. According to Creswell (2014), non-response bias is the error that originates when those who fail to respond to a survey differ significantly from those who respond. Non-response bias is usually a major problem in studies with low response rate. Out of the 68 questionnaires that were distributed, 60 were duly completed and returned to the researcher. This figure translates to a response rate of 88.2%.

In the review involving 2000 business articles published in 26 academic journals, Krishnan and Poulose (2016) found that the average response rate for studies targeting individuals in organization was 64.62%. Therefore, the response rate for the current study is above average. A higher response rate increases the probability that the data collected is representative of the population and minimizes the risk of non-response bias. Reporting response rate enables research consumers to establish the representative of the sample as well as the applicability of the results in their own settings (Creswell, 2014).

4.3 Respondents Demographic Profile

The demographic traits of the respondents was assessed in terms of their gender, age bracket, position in the organization, years of service at the bank and highest education level. Results are summarized in Table 4.1.

Table 4. 1: Respondents' Demographic Characteristics

Demographic Trait	Categories	Frequency	Percentage
Gender	Male	35	58.3
	Female	25	41.7
Age Bracket	18-30 years	12	20.0
	30-40 years	24	40.0
	41-49 years	14	23.3
	50 years and above	10	16.7
Job position	Top level management	12	20.0
	Mid-level Mgt.	18	30.0
	Lower-level Mgt.	16	26.7
	Non-mgt. level	14	23.3
Work Years	Below 5 years	14	23.3
	5-10 years	21	35.0
	More than 10 years	25	41.7
Highest Education Level	Master's Degree	24	40.0
	Bachelor's Degree	36	60.0

***Source**: Field Data (2019)*

Results in Table 4.1 shows that 58.3% of the respondents were male while the remaining 41.7% were female. This finding is consistent with the study by Kimawachi (2016) who found that males dominate the management positions in the Kenyan banking sector. Nonetheless, current findings indicate that the sample was fairly inclusive to employees of both genders.

In terms of age, the largest segment of the respondents (40%) was in the 30-40 years bracket. This finding is congruent with the report by the UK Department for International Development (2017), which detailed that the Kenyan formal sector is characterized by middle aged adults while most youths are in the informal sector.

The number of elderly people in the formal sector declines due to factors such as retirement and death. However, current findings indicate that the sample was inclusive of people of other age groups with 23% being in the 41-49 years bracket, 20 being between 18 and 20 years, and 16.7% being 50 years and above.

Regarding job position, respondents were almost evenly distributed across the four positions. About 20% were in the top management level, 30% were in middle management, 26.7% were in the lower-level management, and 23.3% were operational staffs. These findings provide evidence that the study captured the views of different categories of employees thus minimizing bias.

Results in Table 4.1 also illustrates that the largest proportion of the respondents (41.7%) had worked at Standard Chartered Bank in Kenya for more than 10 years. Another 35% had worked at the organization for 5-10 years. These findings imply that the sample was inclusive of employees with different levels of work experience. They also provide evidence that the majority of the respondents had in-depth knowledge of the culture and crime prevention compliance at the bank.

Regarding education level, the majority of the respondents (60%) had a bachelors' degree while the remaining 40% had a masters' degree. These findings connotes that the majority of all the respondents had high levels of education. This outcome can be explained by the fact that banking careers are among the most sought after in Kenya and thus attract people with high level of education (Munjuri *et al.*, 2015).

4.4 Standard Chartered Bank Organizational Culture

The independent variable of the study was organizational culture. This variable was assessed using three indicators adopted from Schein (2011) model namely: espoused values, underlying assumptions, and rules and procedures. Results for each of these components are presented and discussed in subsequent sections.

4.4.1 Standard Chartered Espoused Values

Espoused values are standards established in an organization by the senior managers (Mesko, 2010). They determine how the organization and it members conduct their businesses. The study theorized that some espoused values may reinforce financial crime prevention while others may weaken it. A set of 8 statements relating to values that are likely to reinforce financial crime prevention were developed and respondents were asked to indicate their level of agreement with each on five point scale (1=strongly disagree and 5=strongly agree) as shown in Table 4.2.

Table 4. 2: Espoused Values at Standard Chartered Bank in Kenya

S/N	Statement	N	Mean	S.D
1	The bank prioritizes long-term success rather than short-term profits	60	4.62	.666
2	The management team incorporates ethical considerations in decision-making processes	60	4.63	.610
3	Employees freely express their opinions and thoughts	60	4.43	.927
4	Employees are involved in decision making	60	4.22	1.166
5	The bank acknowledges individual employee strengths and credentials	60	4.65	.770
6	The bank allows employees to be innovative and creative as they perform their duties	60	4.48	1.012
7	Employees work collaboratively so as to achieve work/bank objective(s)	60	4.80	.633
8	Employees are guided by the bank core values in performance and execution of duty	60	4.40	.514
	Espoused Values aggregate score	**60**	**4.43**	**.631**

***Source**: Field Data (2019)*

The first issue that was interrogated was the bank's future orientation. This is the extent to which an organization thinks about and plan for the future (Hofstede, 2011). An organization with a future-oriented culture tends to prioritize long-term success rather than short-term gain. Such organizations are more likely to engage in practices that promote long-term success such as complying with financial crime prevention regulations. Results in Table 4.2 indicate that respondents on average strongly agreed (4.62) with the assertion that the bank prioritizes long-term success rather than short-term profits. The standard deviation (SD=0.666) was less than 1 suggesting that there was little dispersion of the respondents views around the average position. The findings suggest that the future orientation value is deeply entrenched at the bank.

Item 2 assessed the extent to which the management team at the bank incorporates ethical considerations in decision-making processes. An organization that has entrenched ethical decision making is less likely to engage in practices that aid crime (Kumar, 2016). Results in Table 4.2 illustrate that respondents on average strongly agreed (mean= 4.63) with the statement that the management team at the bank incorporates ethical considerations in decision-making processes. There was a high level of consensus among respondents on this issue as indicate by the relatively low value of standard deviation (SD= 0.610). This finding suggests that the value of ethical decision-making is also strongly engrained at the bank, which is likely to have a positive implication on financial crime prevention.

The study also examined whether the organization allows employee to voice their opinions and thoughts. Giving employees a voice encourages more initiative, pro-activeness and innovation which can have a positive impact on financial crime prevention (Tsai, 2011). Findings in Table 4.2 reveal that on average respondents agreed (mean= 4.43) with the claim that employees at Standard Chartered freely express their opinion and thoughts. Standard deviation (SD=0.927) suggests that there was a relatively high level of consensus among respondents on this issue. This finding indicates that employees at the bank have a strong voice, which may aid financial crime prevention.

This position is reinforced by results for item 4, which indicates that on average respondents agreed (mean= 4.22) with the contention that employees at the bank are involved in decision-making. Employee voice and employee involvement in decision-making are closely related concepts that have a potential to influence financial crime prevention. However, the standard deviation value was relatively large (SD=1.166) suggesting that there were major discrepancies on respondents views regarding the issue of employees' involvement.

Statement 5 queried whether the bank acknowledges individual employee strengths and credentials. This issue is also closely related to the subjects of employee voice and employee involvement. Acknowledging employees strengths and credentials can help enhance an organization to address skill gaps that may hamper efforts to prevent financial crime (Tsai, 2011). On average, respondents agreed (mean= 4.65) with statement 5, which proclaimed that Standard Chartered Bank acknowledges individual employee strengths and credentials. There was a relatively high level of consensus among respondents on this issue (SD=0.77).

Also related to employee voice and involvement is the issue of innovativeness and creativity. An organization that values employees' creativity and innovation is likely to be more effective in preventing financial crime (Kumar, 2016). Results in Table 4.2 demonstrate that on average, respondents agreed (mean=4.48). The finding implies that the value of employee creativity and innovation is strongly anchored in the culture of Standard Chartered Bank. The standard deviation (SD=1.012) however suggests that there were divergent opinions among respondents on this issue.

Item 7 examined collaboration among employees. Collaboration among employees in different departments and organizational level helps to improve a banks' capacity to discourage, detect, and prevent financial crime (KPMG, 2018). Results displayed in Table 4.2 show that on average respondents strongly agreed (mean= 4.80) with the claim that employees work collaboratively to achieve bank's objectives. This finding suggests that there was high level of collaboration among employees at Standard Chartered Bank. Similarly, the respondents on average strongly agreed (mean= 4.40) with the final statement, which asserted that employees are guided with bank's core values in the execution of their duties.

The finding implies that values listed in the Bank's value statement do have a major influence on the conduct of employees at the Bank. The aggregate mean score for espoused values was 4.43 out of a highest possible score of 5 given that the statements were rated on a five point scale. This mean score translates to a percentage score of 88.6%. The findings suggest that from the respondents' perspective, Standard Chartered Bank had put in place 88.6% of the values that the study considered to be essential to the prevention of financial crimes.

4.4.2 Underlying Assumptions at Standard Chartered

The second organizational culture variable was underlying assumptions. These are aspirations that are deeply engrained among the members of an organization (Acar & Acar, 2014). They mould the outlook, thinking, and conduct of members and thus are also indispensable components of the organizational culture.

The study identified a set of 8 underlying assumptions that support financial crime prevention. Respondents were asked to indicate the extent to which they agree that these assumptions apply to their organization on a five point scale (1=strongly disagree and 5= strong agree). Results are presented in Table 4.3.

Table 4. 3: Underlying Assumptions at Standard Chartered Bank in Kenya

S/N	Statement	N	Mean	S.D.
1	The bank is always proactive rather than reactive in addressing problems	60	4.48	.770
2	Employees are proud of their job and are proud to be associated with the bank	60	4.42	.850
3	In this bank, success is measured not just based on the results but also the process of obtaining the results	60	4.55	.832
4	The bank core values binds employees in the bank	60	4.80	.443
5	The senior management leads by example and adheres to the bank values absolutely	60	4.55	.769
6	I adhere to the bank core values, rules and procedures faithfully	60	4.85	.481
7	The bank's disciplinary procedures are fairly done by referring to rules, procedures, processes and core values	60	4.73	.446
8	The bank values diversity and inclusivity	60	4.83	.418
	Underlying Assumption aggregate score	**60**	**4.65**	**.487**

Source*: Field Data (2019)*

The first issue that was assessed was the bank's proactiveness in addressing challenges. Proactiveness is the tendency to anticipate problems and instituting measures that would prevent their occurrence or impacts when they occur (Burdon and Sorour, 2018). An organization with a proactive culture is likely to be more effective in preventing financial crime. Results in Table 4.3 show that on average respondents agreed (mean= 4.48) with the claim that Standard Chartered Bank is proactive rather than reactive in addressing problems. The standard deviation (SD=0.77) indicates that there were no major discrepancies in the respondents views on this issue. The findings suggest that there is high level of proactiveness in Standard Chartered, which can impact positively on financial crime prevention.

The second matter to be examined was the extent to which employees were happy with their jobs and organizations. An organization with delighted employees is more likely to be effective in preventing financial crimes (Schein, 2011). This is because satisfied employees are more likely to go an extra mile and exert additional efforts in support of company goals. Findings in Table 4.3 illustrates that on average respondents agreed (mean= 4.42) with the contention that employees at Standard Chartered Bank are proud of their job and of being associated with the bank. The finding implies that employees at the organization have high level of satisfaction with their work, which may have a positive implication on financial crime prevention.

The study also assessed whether the organization considers the means that employees use to arrive at organizational goals during performance appraisal. An organization that wants to promote ethical business practices must pay attention to both the means and end-goals (Gibson & Lewis, 2014).

Results in Table 4.3 demonstrates that respondents on average agreed (mean= 4.55) with the statement that Standard Chartered Bank success is measured not just based on results but also the process of obtaining the results. The finding infers that Standard Chartered Bank usually pays attention to the methods and processes that employees used to pursue organizational targets. This culture may have a positive impact on financial crime prevention.

Items 4, 5, and 6 interrogated adherence to the bank’s core values. Employees underlying assumptions have a major implication on their adherence to core values (Junchen, 2012). Results in Table 4.3 show that on average respondents strongly agreed (mean=4.80) with item 4, which stated that employees at the bank are bound by the bank’s core value.

Respondents also on average strongly agreed (mean=4.55) with item 5, which proclaimed that senior managers at the bank lead by example when it comes to adherence to the company’s core values. Similarly, respondents strongly agreed (mean= 4.85) with statement 6, which asserted that the respondents usually adhere to the bank’s core values, rules and procedures faithfully. These findings suggest that there is a high level of adherence to the core values of the bank by its employees, which is likely to have a positive impact on financial crime prevention.

Item 7 examined assessed respondents view regarding the fairness of the bank disciplinary procedures. Employee perception regarding the fairness of company procedures is likely to have an impact on their willingness to adhere to company policies and regulation (Junchen, 2012). Consequently, this aspect is bound to have an impact on financial crime prevention.

Results showed that respondents on average strongly agreed (mean=4.73) with item 7, which advanced that the bank's disciplinary procedures are fairly done by referring to rules, procedures, processes and core values. This finding implies that employees at the Standard Chartered have confidence in the disciplinary procedures of the bank. The final item assessed respondents' perceptions on whether the bank values diversity and inclusivity. Diversity and inclusivity benefits an organization by boosting creativity and innovation as well as giving the organization a sense of legitimacy (Junchen, 2012). Results in Table 4.3 demonstrate that respondents on average strongly agreed (mean= 4.83) with statement 8, which claimed that the bank values diversity and inclusivity. This finding implies that employees at Standard Chartered believe that diversity and inclusivity is valued in their organization.

The aggregate mean score for underlying assumption was 4.65 out of a highest possible score of 5. This mean score translates to a percentage score of 93%. It implies that from the respondents' perspective, the underlying assumption held by employees of the Standard Chartered Bank meet 93% of the standards that the study had associated with improved financial crime prevention.

4.4.3 Rules and Procedures at Standard Chartered

The final component of organizational culture that was assessed was the rules and procedures at Standard Chartered Bank in Kenya. A list of five statements relating to rules and procedures that support financial crime prevention were developed. Respondents were asked to indicate their level of agreement with each statement on a five-point scale. (1=strongly disagree and 5= strong agree). Results are presented in Table 4.4

Table 4. 4: Rules and Procedures at Standard Chartered Bank in Kenya

S/N	Statement	N	Mean	S.D
1	The bank rules and procedures are well communicated to all staff	60	4.92	.279
2	I am well trained on bank policies and procedures	60	4.80	.659
3	I adhere to bank rules and procedures faithfully for high remuneration	60	4.73	.800
4	I adhere to bank rules and procedures since there are dire consequences for being non-compliant	60	4.88	.555
5	I adhere to bank rules and procedures since it is the right thing to do	60	4.89	.708
	Rule and Procedures aggregate score	**60**	**4.83**	**.391**

***Source**: Field Data (2019)*

The foremost issue to be interrogated was the communication of bank rules and procedures to employees. The effectiveness of this communication has a major bearing on the level of employees' adherence to rules and procedures and thus it is bound to have an impact on financial crime prevention (Ponnu & Hassan, 2016). Findings in Table 4.4 show that respondents on average strongly agreed (mean= 4.92) with the statement that the bank core values, rules and procedures are well communicated to all staff. The standard deviation (SD=0.279) is low suggesting that there was a high level of consensus among respondents on this issue. The findings denote that Standard Chartered Bank in Kenya is effective at communicating rules and procedures to employees.

The second issue that was deemed important was employees training on bank policies and procedures. This kind of training helps to improve adherence to policies and guidelines, promote consistency and minimize errors, which consequently reduces loopholes that can aid financial crimes (Murithi, 2013).

On average, respondents strongly agreed (mean= 4.80) with the claim that they are well trained on bank policies and procedures. The standard deviation (SD= 0.659) also indicates that there were no major discrepancies in the respondents views on this issue. The findings signify that employees at the Standard Chartered Bank in Kenya have received adequate training relating to the bank policies and procedures.

The study also examined drives of employees' adherence to rules and procedures. Table 4.4 illustrates that respondents on average strongly agreed (mean=4.73) with item 3, which asserted that employees at the bank adhere to bank rules and procedures faithfully for high remuneration. This finding implies that the bank has put in place monetary rewards to encourage compliance with bank procedures.

Respondents also strongly agreed (mean=4.88) with item 4, which affirmed that employees at the bank adhere to rules and procedures since there are dire consequences for being non-compliant. Lastly, respondents also strongly agreed (mean= 4.89) with item 5, which stated that employees at the bank adhere to bank rules and procedures since it is the right thing to do. This hints that besides the rewards and punishment, employees' adherence to rules and procedures is also driven by the values.

The aggregate mean score for rules and procedures was 4.83 out of a highest possible score of 5. This value translates to a percentage score of 96.6%. This implies that from the respondents' perspective, Standard Chartered Bank in Kenya has met 96.6% of the principles relating to rules and procedures that the study considered to be important in preventing financial crime.

4.5 Financial Crime Prevention at Standard Chartered

To assess financial crime prevention at Standard Chartered Bank in Kenya, respondents were given a list of 15 statements and asked to indicate their level of agreement with each on five point scale ranging from 1 (strongly disagree) to 5 (strongly agree). Results are presented in Table 4.5.

A primary indicator that was used to assess financial crime prevention at the bank was the quality its financial crime prevention program. Results in Table 4.5 illustrates that Standard Chartered Bank has a functioning financial crime prevention program (mean= 4.78) and a dedicated team for managing the program (mean=4.83). The data further reveals that the bank allocates sufficient resources towards its financial crime prevention program (mean=4.88) and conducts regular audits of the program (mean=4.92). The standard deviation values for these items were less than 1 suggesting that respondents' views did not deviate considerably from the average positions. The results infer that Standard Chartered has an excellent and well-funded financial prevention program.

Table 4. 5: Financial Crime Prevention at Standard Chartered in Kenya

S/N	Statement	N	Mean	S.D.
1	The bank has a functioning financial crime prevention program	60	4.78	.783
2	The bank has a dedicated team for managing the financial crime prevention program	60	4.83	.615
3	The bank allocates sufficient resources (material, human and time) to the financial crime prevention program	60	4.88	.372
4	The bank conducts regular audits on its financial crime prevention program	60	4.92	.334
5	The bank has an efficient system(s) for identifying and screening customers and screening & monitoring transactions	60	4.93	.252
6	The bank sends reports on suspicious transactions to the regular on a regular and timely basis	60	4.88	.372
7	The bank observes all the reporting obligations set by the central bank of Kenya	60	4.90	.354
8	The bank maintains proper and sufficient records of all its clients and their transactions	60	4.88	.324
9	The bank conducts due diligence and background checks when recruiting employees	60	4.90	.354
10	All employees are trained in financial crime prevention issues	60	4.82	.504
11	Financial crime prevention is part of employees' appraisal	60	4.82	.537
12	The management is at the fore front in supporting financial crime prevention	60	4.72	.555
13	I adhere to the financial crime prevention procedures and processes so as to be highly remunerated	60	4.38	1.290
14	I adhere to the financial crime prevention procedure and processes since there are dire consequences of being non-compliant	60	4.92	.381
15	I adhere to the financial crime prevention procedures and processes since it is the right thing to do and I understand the consequences of being non-compliant	60	4.90	.354
	Financial Crime Prevention aggregate score	**60**	**4.83**	**.298**

Source*: Field Data (2019)*

Another issue that was of interest to the study was monitoring and reporting. These are vital financial crime prevention mechanisms as they enable an institution to detect anomalies and fraud (Skandalis, 2017). Results reveal that Standard Chartered Bank has an efficient system for identifying and screening customers and screening & monitoring transactions (mean= 4.93), sends reports on suspicious transactions to the regulator on a regular and timely basis (mean= 4.88), and observes all the reporting obligations set by the Central Bank of Kenya (mean= 4.90). Findings also illustrate that Standard Chartered Bank maintains proper and sufficient records of all its clients and their transactions (mean= 4.88) and conducts due diligence and background checks when recruiting employees (mean= 4.90). These findings imply that the Standard Chartered Bank in Kenya maintains best practices and mechanism for monitoring and reporting financial transactions.

Financial crime prevention was also measured by assessing the level of employees' involvement. This indicator was founded on the rationale that a bank cannot be successful in preventing financial crime if its employees are not involved in prevention efforts (Murithi, 2013). The analyses revealed that all employees at Standard Chartered Bank are trained in financial crime prevention issues (mean= 4.82). In addition, financial crime prevention is part of employees' appraisal (mean= 4.82). The inclusion of financial prevention as component of the appraisal is also supported by results for item 13, which stated that the respondents adhere to the financial crime prevention procedures and processes so as to be highly remunerated (mean= 4.38).

Results also show that employees adhere to the financial crime prevention procedure and processes because there are dire consequences of being non-compliant (mean= 4.92). This finding further supports the position that financial crime prevention is a central component of Standard Chartered Bank's employee appraisal system. Evaluating compliance increases accountability resulting in improved capacity to prevent crimes. Results also showed that the management team at Standard Chartered is at the fore front in supporting financial crime prevention (mean=4.72). Managerial support also gives impetus to financial crime prevention initiative through provision of adequate funding and creating a sense of urgency (Mesko, 2010). Findings also showed that employees at the bank adhere to the financial crime prevention procedures and processes since it is the right thing to do and they understand the consequences of being non-compliant.

The aggregate financial crime prevention score was 4.83 out of a highest possible score of 5. This mean value translate to a percentage score of 96.6%. This implies that from the respondents' perspectives, the Standard Chartered Bank in Kenya has met 96.6% of the standards that the study used to measure financial crime prevention. The finding suggests that the bank has been relatively successful in preventing financial crime.

4.6 Organizational Culture and Financial Crime Prevention

The relationship between organizational culture and financial crime prevention was tested using the multiple linear regression method. A model comprising of the three components of organizational culture as the independent variables and financial crime prevention as the dependent variable guided the analyses. The goal was to determine how the three organizational culture components, jointly and independently, influence financial crime prevention. Table 4.6 presents a summary of the model.

Table 4. 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.711[a]	.506	.480	.215
a. Predictors: (Constant), Rules and Procedures aggregate , Espoused Values , Underlying Assumptions				

***Source**: Field Data (2019)*

From Table 4.6, the model had an R-Square of 0.506. This R-Square value indicates that the model comprising of the three components explained 50.6% of the variances in financial crime prevention. According to Moore, Notz, and Flinger (2013), an R-Square value that falls between 0.5 and 0.7 that the independent variables within the model have a moderate effect on the dependent variable. Moore *et al.* (2013) further explained that the R-Square summarizes the overall strength of the relationship between independent and dependent variables but does not show whether the relationship is statistically significant. The significance of the relationship is tested using the ANOVA statistics presented in Table 4.7.

Table 4. 3: ANOVA Statistics

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.656	3	.885	19.127	.000b
	Residual	2.592	56	.046		
	Total	5.249	59			
a. Dependent Variable: Financial Crime Prevention						
b. Predictors: (Constant), Rules and Procedures, Espoused Values, Underlying Assumptions						

***Source**: Field Data (2019)*

Results in Table 4.7 shows that the three components of organizational culture jointly have a statistically significant influence on financial crime prevention at the Standard Chartered Bank in Kenya (F=19.127, p<.001). The effect of each component of organizational culture was tested using the multiple regression beta coefficients presented in Table 4.8.

Table 4. 4: Regression Beta Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.909	.391		4.882	.000
	Espoused Values	.030	.107	.063	.279	.781
	Underlying Assumptions	.158	.142	.259	1.111	.271
	Rules and Procedures	.425	.077	.556	5.551	.000
a. Dependent Variable: Financial Crime Prevention						

***Source**: Field Data (2019)*

Results in Table 4.8 reveal that espoused values (β=0.03, p=0.781) and underlying assumptions (β=0.158, p= 0.271) do not have a statistically significant influence on financial crime prevention at the Standard Chartered Bank. The two variables had positive better values suggesting that they had a positive association with financial crime prevention. However, their p-values were greater than 0.05 leading to the conclusion that their influence on the dependent variable is not statistically significant.

Results showed that rules and procedures (β=0.425, p<0.001) have a statistically significant and positive influence on financial crime prevention. The beta value suggests that if the rules and procedures score is increased by 1 unit, the financial crime prevention score would increase by 0.425 units. The p-value was less than the alpha value of 0.05 suggesting that this influence is statistically significant.

Following the findings above, the study sought to establish whether espoused values and underlying assumptions increase the influence of organizational culture on financial crime prevention despite their effect being insignificant when these variables are considered independently. To achieve this, the predictive power of the model comprising of rules and procedure only as the independent variable and that of the model comprising of the three independent variables was compared. Results are presented in Table 4.9.

Table 4. 5: Summaries of Model 1 and 2

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	.643[a]	.413	.403	.230	.413	40.828	1	58	.000
2	.711[b]	.506	.480	.215	.093	5.271	2	56	.008

***Source**: Field Data (2019)*

Table 4.9 shows that Model 1 that only had rules and procedures as the independent variable had an r-square of 0.413, which implies that the model explained 41.3% of the variances in financial crime prevention. Model 2 that comprised of all the three components of organizational culture (espoused values, underlying assumptions, and rules and procedures) had an r-square of 0.506. This implies that when the espoused value and underlying assumption components are added to the model, the R-square value of the model increases by 0.093.

Since the R-square value represents the predictive power of the model, these findings imply that the inclusion of the two variables increase the predictive power of the model. The F-test showed that the change in the predictive power of the model after the inclusion of espoused values and underlying assumptions was statistically significant (F=5.271, p=.008). The findings denote that although the two components (espoused values and underlying assumptions) do not have a significant influence on financial crime prevention when consider independently, they increase the relevance of organizational culture to financial crime prevention.

4.7 Discussion of Results

The objective of the study was to determine how Organizational Culture influences Financial Crime Prevention at the Standard Chartered Bank in Kenya. To realize this objective, it was vital to first establish the organizational culture at the Bank and the extent to which it supports financial crime prevention.

Organizational culture was assessed in terms of three variables modified from Schein (2011) model: espoused values, underlying assumptions, and rules and procedures. The descriptive analysis revealed that Standard Chartered Bank has espoused values that support prevention of financial crime. Examples of these values include prioritizing long-term success, ethical decision-making, employee involvement in decision making, and support for innovative behavior. The model by Schein (2011) stressed that the espoused values of an organization have a major bearing on the behaviours of other employees and thus are essential components of organizational culture.

According to Kumar (2016), values reflect what employees feel and is important to an organization. Therefore, when employees feel that it is important to focus on the long-term success of the organization and make decisions that are ethical, they are less likely to engage in or aid practices that amount to financial crime. Finding also revealed that Standard Chartered Bank has underlying assumptions that support prevention of financial crime. The Schein (2011) model described underlying assumptions as deep expectations and beliefs held by employees. The study has established that employees of Standard Chartered have expectations that reinforce financial crime prevention such as the need to use both process and outcome measures of success, being proactive in addressing organizational problems, leading by examples and promoting diversity and inclusivity. Kumar (2016) observed that employees' beliefs regarding the best way to achieve organizational results have substantial impact on their behaviour. The underlying assumption that success should be measured from both the process and outcome perspective is thus likely to discourage employees from adopting behaviours that aid financial crime as they believe that the process of achieving results is just as important as the actual results.

Further, descriptive results established that Standard Chartered Bank has rules and procedures that underpin financial crime prevention. Particularly, the study found that the bank's rules and procedures are well communicated to all staff, employees' are well trained on the importance and how to implement the bank policies and procedures, and adherence to rules and policies is reinforced by rewards and values of the banks.

Schein (2011) model emphasized that rules set the expectations of employees as well as shapes their behaviours. Consequently, the presence of rules and procedures that support financial crime prevention within the bank is likely to set high expectation among employees regarding what is required of them when it comes to financial crime prevention. Findings reveal that not only has Standard Chartered Bank put in place rules and procedures that support financial crime prevention, but the organization has gone ahead to establish reward-based and value-based mechanism for ensuring compliance.

In their study, Odiambo *et al.* (2015) also identified reward system as a vital component of organizational culture as it can act as crucial tool for directing employees behaviours. Rewards can act as incentives for reinforcing compliance with organizational rules and policies among employees. Tsai (2011) added that cultivating a value-based compliance culture that relies on principles to shape employees behaviour has a more sustainable impact on employees conduct. The value-based culture brings about sustainability by encouraging employees to internalize principles thus enabling them to act in line with the expectations of the organization even when circumstances change (Tsai, 2011). Skandalis (2017) added that the effectiveness of financial crime prevention is no longer dependent on organizational compliance with rigid procedures and rules but on the degree of integrity and adoption of corporate ethos.

Results of the descripitive analyses also show that Standard Chartered Bank in Kenya has effective financial crime prevention practices. Results revealed that the bank has a functioning financial crime prevention program and a dedicated team to manage the program. These findings are consistent with Said *et al.* (2013) who observed that availability of expertise to implement financial crime prevention was vital to the success of financial crime prevention by Malysian banks.

In addition, the bank allocates sufficient resources towards the financial crime prevention program as well as conducts regular audits of the program. Mulligan (2015) emphasized the role of managerial support in financial crime prevention program in ensuring successful prevention of financial crimes. Organizations need to invest in anticrime programs in order to improve their capacity to detect and avert financial crimes. Some of the features that were associated with the Standard Chartered program include screening of customers and monitoring their transactions, reporting suspicious transaction to CBK, maintain records of customer transactions, conducting due diligence when hiring employees, training employees on financial crime prevention issues and linking financial crime prevention to employees appraisal and rewards.

Inferential results showed that the three organizational culture variables (espoused values, underlying assumptions, and rules and procedure) jointly had a significant influence on financial crime prevention. The three variables combined explained 50.6% of the variances in financial crime prevention at Standard Chartered Bank in Kenya. This finding is consistent with earlier studies such as Omar *et al.* (2015) who found that there was a significant relationship between the cultures of organization and occurrence of financial statement fraud.

The study by Burdon and Sorour (2018) also found that compliance culture is shaped by a myriad of organizational variables including the style of leadership, and organizational values and beliefs relating to principles of financial regulation. Ayugu (2015) also linked organizational culture with ethical behaviour at the Kenya National Examination Council (KNEC). The study by Yamen *et al.* (2018) also found that there was significant association between national culture as measured using the Hofstede's model and financial crime as measured using the AML index in sample of 78 countries.

When the individual influence of three components of organizational culture was examined, only rules and procedures were found to have a statistically significant influence on financial crime prevention at Standard Chartered Bank. The findings were contrary to Skandalis (2017) who had suggested that espoused values and underlying assumptions play a major role in determining financial crime prevention practices of banks. Additional analyses however showed that although espoused values and underlying assumptions do not have a significant influence when considered individually, their inclusion in the regression model increases the predictive power of the model from 41.3% to 50.6%. This finding leads to the conclusion that espoused values and underlying assumption tend to reinforce the influence that rules and procedures have on the financial prevention practices of the bank.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

The aim of this research was to assess the influence of Organizational Culture on Financial Crime Prevention at the Standard Chartered Bank in Kenya. It was theorized that since organizational culture plays a vital role in moulding the actions and practices of an organization, it is bound to have a major influence on the banks' financial prevention practices. Organizational culture was assessed in terms of key variables derived from the Schein (2011) model: espoused values, underlying assumptions and rules and procedures.

The study utilized the descriptive survey design where data was collected from employees of Standard Chartered Bank in Kenya at the head office using questionnaires. A total of 68 questionnaires were distributed out of which 60 were duly completed and returned to the researcher. The data was analysed using descriptive and inferential statistics. This section presents a summary of the key findings of the study.

Based on the findings, the chapter then discusses the conclusion that can be made in relation to the objective of the study. Further, the chapter makes recommendations on how banks and other stakeholders in the financial sector can enhance financial crime prevention based on the findings and conclusions of the study. The chapter also discusses the limitations of the study and concludes by suggesting areas for further studies.

5.2 Summary

Three components of organizational culture were assessed namely: espoused values, underlying assumptions and rules and procedures. The study uncovered that Standard Chartered Bank in Kenya has entrenched values that support the prevention of financial crime. Results of the descriptive analysis showed that the bank exhibited 88.6% of the values that the study considered to be essential to the prevention of financial crimes. Specifically, the bank exhibited strong presence of values such as future orientation, ethical decision-making, employee involvement, collaboration, and innovation and creativity.

The research also revealed that Standard Chartered Bank also had underlying assumptions that reinforce the prevention of financial crime. The descriptive findings showed that the institution had met 93% of the standards that the study deemed to be essential to improving financial crime prevention in this particular component. Precisely, the study found that the employees of the bank shared positive assumptions such being proactive rather than reactive in addressing problems, being proud of own job and organization, measuring success from both the process and outcome perspective, leaders leading by example, encouraging diversity and inclusivity, and creating fair procedures.

The study also found that Standard Chartered Bank had rules and procedures that strengthen the prevention of financial crime prevention efforts. The descriptive statistics showed that the bank had exhibited 96.6% of the rules and procedures that the study considered to be important in preventing financial crime.

Particularly, the bank had effectively communicated it rules and procedures related to financial crime prevention, trained employees on these rules and procedures, created rewards and penalties to encourage adherence to procedures, and inculcated moral values that encourage adherence to the rules and procedures.

The study also found that Standard Chartered Bank has been fairly successful in preventing financial crimes. Descriptive findings revealed that the bank had satisfied 96.6% of the indicators used to assess financial crime prevention. Inferential analysis showed that the three components of organizational culture jointly had a statistically significant influence on financial crime prevention. However, when the components are considered independently, only rules and procedures have a statistically significant influence on financial crime prevention.

5.3 Conclusion

The findings lead to the conclusion that organizational culture has a statistically significant and positive influence on financial crime prevention in banks. Creating an organizational culture that is founded in values that support ethical decision making, future orientation, and employee involvement increases a bank's effectiveness in preventing financial crime.

Similarly, banks can enhance their capacity to avert financial crime by entrenching positive expectations such as valuing diversity and inclusivity, being proactive, being contended with one's job, and leading by example. Financial crime prevention can also be enhanced by ensuring rules and procedures are appropriately communicated and that employees are trained on how to implement them.

Incorporating the rules and procedures into the organization's performance appraisal system also helps to improve compliance leading to enhanced financial crime prevention. Findings showed that by developing appropriate values, inculcating positive expectations among its members, developing and reinforcing rules and procedures, Standard Chartered Bank has been able to realize success in curbing financial crime.

5.4 Recommendations of the Study

The study recommends that in order to enhance their capacity to prevent financial crime, banks should focus on developing and reinforcing rules and procedures that support financial crime prevention efforts. Findings have shown that rules and procedures have the most significant influence on prevention of financial crime. Specifically, banks should concentrate on ensuring that their rules and procedures are effectively communicated and that employees are trained on how to implement them. The rules should also be strengthened by incorporating them into the organization's performance management system.

The study also recommends that banks should consider promoting positive values such as future orientation, ethical decision-making, and employee involvement. Although findings suggest that espoused values do not have a significant influence on financial crime prevention when considered independently, this component increases the positive effect of organizational culture on financial crime prevention. Therefore, banks should also place emphasis on cultivating the right values.

The study further recommends that banks should reinforce positive assumptions and expectations among its members. For instance, the bank should encourage employees to be proactive rather than reactive in address potential financial crime problems and view success from both the process and outcome perspective.

5.5 Limitations of the Study

Some limitation of this study should be noted. First, the study focused on a single organization namely the Standard Chartered Bank of Kenya. Although this approach enabled rigorous analysis of the situation at Standard Chartered Bank, it reduces the generalizability of findings.

The study was also limited by the reliance on information reported by bank employees to assess organizational culture and financial crime prevention. Although this was the easiest and most practical approach of data collection, it might have exposed the study to response bias. The employees' respondents might have been influenced by their attitude and expectations towards the organization, their experiences with the organization, and other psychological factors such as social desirability and conformity.

In addition, organizational culture was assessed in terms of three elements: espoused values, underlying assumptions, and rules and procedures. Organizational culture is quite a broad and multidimensional concept and thus the three elements may not have provided a comprehensive assessment of the corporate culture of the Standard Chartered Bank in Kenya.

5.6 Suggestion for Further Studies

The current study limited its scope to the Standard Charted Bank. To support generalization of findings regarding the influence of organizational culture on financial crime prevention, future studies should replicate this research in other banks. Particularly, the study should focus on other categories of banks such as Tier 2 and Tier 3 banks that may differ from Standard Chartered in terms of organizational culture.

Current study operationalized organizational cultures in terms of three components: espoused values, underlying assumptions, and rules and procedures. Future studies should consider other components such as history, symbols and artefacts, and rituals. This will enrich understanding of how organizational culture shapes financial crime prevention in financial institutions.

Future studies should also explore other factors that shape financial crime prevention in Kenyan financial institutions besides organizational culture. The importance of preventing financial crime to the Kenyan financial sector and the general economy cannot be understated. The regression analysis results showed that organizational culture as measured in terms of espoused values, underlying assumptions, and rules and procedures explained 50.6% of the variances observed in financial crime prevention. This implies that the remaining 49.4% of variances in financial crime prevention are due to other factors that were not considered in this study. Future studies should try to explore these factors.

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APPENDICES

APPENDIX 1: Research Questionnaire

Dear Respondent

This questionnaire is meant to collect information on organizational culture and financial crime prevention at Standard Chartered Bank. The information you will give will be treated with utmost confidentiality and will be used for academic purposes only. It may also be used to improve corporate management in Kenya. I will greatly appreciate your co-operation in answering the questions with honesty and to the best of your knowledge. Please answer all the questions.

Kind Regards,

Lucy Mureithi.

SECTION A: DEMOGRAPHIC DATA

1. Please indicate your gender

Male ( )　　　　Female()

2. Please indicate your age bracket

18-30 years( )　　30-40 years( )　　41-49 years ( )

50 years and above ( )

3. Please indicate your management level

Top level management ( )　　Middle level management ( )

Lower level management ( )　　Non-Management level ( )

4. Please indicate the length of period you have worked at the Bank

Below 5 years ( ) 5-10 years ( ) More than 10 years ( )

5. Please indicate your highest level of education

PhD Degree ( ) Master's Degree ( ) Bachelor's Degree ( )

Professional certificate ( ) Others (Please specify) ____________

SECTION B: ORGANIZATIONAL CULTURE

6. Below are several statements of various cultures adopted by the bank. Please indicate your level of agreement with each statement with regard to influence of organizational culture on your work.

Statement on Organizational Culture	**Strongly Agree**	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**
ESPOUSED VALUES					
The bankprioritizes long-term success rather than short-term profits					
The management team incorporates ethical considerations in decision-making processes					
Employees freely express their opinions and thoughts					
Employees are involved in decision making					

Employees work collaboratively so as to achieve work/bank objective(s)					
The bank acknowledges individual employee strengths and credentials					
Employees are guided by the bank core values in performance and execution of duty					
The bank allows employees to be innovative and creative as they perform their duties					
UNDERLYING ASSUMPTIONS					
The bank is always proactive rather than reactive in addressing problems					
Employees are proud of their job and are proud to be associated with the bank					
In this bank, success is measured not just based on the results but also the process of obtaining the results					

The bank core values binds employees in the bank					
The senior management leads by example and adheres to the bank values absolutely					
I adhere to the bank core values, rules and procedures faithfully					
The banks disciplinary procedures are fairly done by referring to rules, procedures, processes and core values					
The bank values diversity and inclusivity					
RULES & PROCEDURES					
The bank rules and procedures are well communicated to all staff					
I am well trained on policies and procedures					
I adhere to bank rules and procedures faithfully for high remuneration					

I adhere to bank rules and procedures since there are dire consequences for being non-compliant					
I adhere to rules and procedures since it is the right thing to do.					

SECTION C: FINANCIAL CRIME PREVENTION

7. Below are several statements on financial crime prevention. Please indicate your level of agreement with each statement.

Statement on Financial Crime Prevention	**Strongly Agree**	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**
The bank has a functioning financial crime prevention program					
The bank has a dedicated team for managing the financial crime prevention program					
The bank allocates sufficient resources (material, human, and time) to the financial crime prevention program					

The bank conducts regular audits on its financial crime prevention program					
The bank has an efficient system(s) for identifying &screening customers, and screening & monitoring transactions					
The bank sends reports on suspicious transactions to the regulator on a regular and timely basis					
The bank observes all the reporting obligations set by the Central Bank of Kenya					
The bank maintains proper and sufficient records of all its clients and their transactions.					
The bank conducts due diligence and background checks when recruiting employees					
All employees are trained in financial crime prevention issues					

Financial crime prevention is part of employees' appraisal					
The management is at the fore front in supporting financial crime prevention					
I adhere to the financial crime prevention procedures and processes so as to be highly remunerated					
I adhere to the financial crime prevention procedures and processes since there are dire consequences of being non-compliant					
I adhere to the financial crime prevention procedures and processes since it is the right thing to do and I understand the consequences of being non-compliant					

APPENDIX 2: List of Commercial Banks in Kenya

1. African Banking Corporation Limited
2. Bank of Africa Kenya Limited
3. Bank of Baroda (K) Limited
4. Bank of India
5. Barclays Bank of Kenya Limited
6. Charterhouse Bank Limited-Under statutory management
7. Chase Bank (K) Limited-In receivership
8. Citibank N.A Kenya
9. Commercial Bank of Africa Limited
10. Consolidated Bank of Kenya Limited
11. Co-operative Bank of Kenya Limited
12. Credit Bank Limited
13. Development Bank of Kenya Limited
14. Diamond Trust Bank Kenya Limited
15. DIB Bank (Kenya) Limited
16. Ecobank Kenya Limited
17. Spire Bank Limited
18. Equity Bank Kenya Limited
19. Family Bank Limited
20. Fidelity Commercial Bank Limited
21. First Community Bank Limited
22. Guaranty Trust Bank (K) Limited
23. Guardian Bank Limited
24. Gulf African Bank Limited

25. Habib Bank A.G Zurich

26. Habib Bank Limited

27. Imperial Bank Limited-In receivership

28. I & M Bank Limited

29. Jamii Bora Bank Limited

30. KCB Bank Kenya Limited

31. Middle East Bank (K) Limited

32. National Bank of Kenya Limited

33. NIC Bank Limited

34. M-Oriental Bank Limited

35. Paramount Bank Limited

36. Prime Bank Limited

37. Sidian Bank Limited

38. Stanbic Bank Kenya Limited

39. Standard Chartered Bank Kenya Limited

40. Trans-National Bank Limited

41. UBA Kenya Bank Limited

42. Victoria Commercial Bank Limited

Source: Central Bank of Kenya, 2018