Determinants of Strategic Innovation Implementation in the Banking Sector: A Survey of Commercial Banks in North Rift Region

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Abstract

Innovation strategy enables organizations to remain relevant in a highly competitive arena by focusing the organization’s efforts on doing things differently. The purpose of this study was to analyze the determinants of strategic innovation implementation in the banking sector, a survey of Commercial Banks in North Rift Region. It was guided by the following objective: to assess the effects of organizational culture, on the implementation of strategic innovation. The study was guided by the Higgin’s eight S model and the theory of transformation; it adopted a survey research design. The study targeted 229 respondents, who included regional managers, branch managers, and departmental heads of best performing commercial banks in the north rift region ranked by CYTONN’S Investment as at 10th December, 2017. Therefore the study included all the respondents in the study. Questionnaires were used as data collection instruments. Research experts were used to determine the validity and their suggestions and comments were used as a basis to modify the research items. The research instruments were pre-tested to ensure reliability, further split half method was adopted to calculate cronbach alpha coefficient. A value of above 0.7 confirmed the reliability of the research instruments. The data was analyzed using descriptive and inferential statistics and presented in tables. The study findings indicated that organizational culture (β = 0.103; ρ =0.023), influence the implementation of strategic innovation by Commercial Banks in Kenya North Rift Region. Therefore it is recommended that commercial banks should ensure existence of norms and values that ensure collaboration, flexibility as well as innovativeness among employees to ensure effective implementation of strategic innovations. When considering organizational leadership, Commercial banks need to oscillate between the four major leadership styles at the various levels of strategic innovation implementation. Effective value assessment will ensure that commercial banks allocate adequate resources in terms of finances, human resource, equipments and infrastructure so as to ensure effective strategic innovation implementation and commercial banks may need to appreciate that different strategic innovations may require different types of structures to be in operation at the same time in order for effective implementation to materialize.

Key words: Strategic Innovation, Organizational Culture, Implementation and Strategy

1. Introduction

Strategic innovation implementation is the stage after a primary decision to adopt an innovation. Though top administration settles on the choice to adopt new advancement strategies, the center level, or affected area is charged with implementation of the ideas. Implementation adequacy will be acknowledged after a development has been put to utilization. Ana, Dionysis and Carmen, (2011) delineated implementation as a game-plan to put into utilization an idea, choice or program, they also expressed that, in innovation implementation, the quick result of intrigue is introductory or early utilization. In vouching for selection of an organizational theory, Ana et al., (2011) gave three reasons that organizations had authority-based innovation decision; on whether to adopt or not was based on the organizational objectives.

According to Atalay, Anafarta and Sarvanc, (2013) Innovation is an ambiguous thought, drawing in numerous and frequently contrasting definitions, and will often be interpreted in various contests. Innovation is to introduce brand new or improved product or enhanced item, process, or administration into the market. Hall (2011) outlined innovation as a strategy for transforming an open door into new ideas and placing them into broadly utilized practice. Letangule & Letting, (2012) recommended that innovation is the utilization of most recent specialized and regulatory learning to offer a fresh new product or service to clients. Since most banks give comparable products and services, they are consistently in such of ways in which they can achieve an upper hand in order to draw in new clients while holding on to the ones already on board. Emphasis has been set on building inventive associations and furthermore the administration of the innovation procedure, as fundamental parts of organizational survival (Artz, Norman, Hatfield and Cardinal, 2010). Innovation is a methodology and passes on straightforward bearing and centers the
exertion of the entire association on an ordinary innovation objective. Management has to choose the best approach to utilize innovation and drive implementation upgrades through the adoption of acceptable performance indicators (Njeri, 2017).

Strategic innovation steers and directs organizational activity. It provides an effective stimulus for growth and superior organizational performance. Since association’s vital choices impacts basic leadership in the way associations respond to their condition, it’s basic to frame vital decisions and framework authoritative technique with significance of its motivation to the condition. The reason for procedure development is to provide steer to organizations on how to progress with their objectives while, simultaneously, reacting to the progression inside its environment (Ana et al., 2011).

According to Rajasekar (2014) companies do change their strategy as a means of repositioning in order to tap into new opportunities as well as respond to emerging threats. As a result majority would choose to limit creativity so as to work within a given budget. The banking industry everywhere throughout the world is encountering firm rivalry from competitors and with a specific goal being to be a head of the market; they must be inventive in their methods of operations. Exceptional rivalry and shrinking market space are driving banks to search for new income sources by improving their products, and have differentiated expertise in client satisfaction.

There are bunches of key strategic moves like rebranding, opening up new branches, expanded banking hours and expanded concentration on the mass market. Many banks have given attention to loan products for the salaried populace and in addition business undertakings, and the greater part of the banks are at present enlisting direct deal operators to sell their solutions as relationship staff to make direct customer interactions and enroll them on the modified products. Utilization of innovation strategies has enhanced and expanded conveyance channels; the advent of such innovations such as e-banking, mobile banking and internet banking have facilitated efficiency in bill payment as well as enhanced money transfer services (Hitt, and Hoskinson, 2012). The importance of strategic innovation is increasing, specifically at the European level, thus, the innovation process is correctly consolidated and supported by coherent, visionary and sustainable organizational strategies. Several upcoming corporations consider internationalization as their primary activity and designs their goods and services to contend at a worldwide scale, supported by a transparent differentiation strategy (Osterwalder & Pigneur, 2010).

In Africa, Organizations don't seem to be successful at attending to the non-technical aspects of rapidly changing technology (Jaruzelski & Dehoff, 2011). It’s widely felt that there's minimal focus placed on strategic innovation problems, understanding of the same is limited, that their importance is underestimated, and its action is not adequately resourced. Less focus has been placed on the impact of institutional structure and processes on strategic innovation implementation to increase productivity.

The financial sector in Kenya consists of forty two commercial banks, ten microfinance banks and one mortgage finance institution controlled by the Central Bank. Of these 42 banks, 30 are privately owned and twelve are foreign. The Government of Kenya envelopes a considerable stake in 3 of Kenya's commercial banks, the ultimate business owners of the rest are general public (Ndung’u, Machuki and Murerwa, 2014). All banks are expected to stick to controls like least liquidity proportions and money holding proportions with the CBK. The ratio of commercial banks to the population in Kenya is fairly high with the 42 banks serving a populace of forty four million people as compared to Nigeria’s 19 catering for a populace of one hundred and eighty million while South Africa's nineteen caters for 55million. The development is ascribed to the Banks response to the market necessities through alternative banking channels like mobile, internet and agency banking (CYTONN'S Investment, 2017).

2. Research Problem

Luftenegger, Angelov, Van Der Linden and Grefen, (2010) point out that banks all over the world are forced to look for new revenue streams due to intense competition and market saturation by increasing their products and service offerings as well as focusing on customer loyalty (Central Bank of Kenya, 2012). There are lots of strategic moves including, rebranding, opening up of new branches, and increasing of banking hours (Al-Kandi, Asutay & Dixon, 2013). Most researchers emphasize that the variables, control, and time management need to be harmonized so as to bring the strategy to life (Limmanont, 2010).

Commercial banks are embracing various strategic innovations due to changes in customer demands and increased competition in the banking sector. Banks engage in innovation strategies to ensure availability of services to the customers’ at their door steps hence decongesting the banking halls and enhancing convenience. However uptake and usage of these innovations is slow with the majority of the customers preferring the traditional banking methods of physical transactions undertaken within the bank premises. This is evidenced by lengthy queues during peak period in most of the banks. Some concerns have also been raised by the consumers around inadequate responsiveness by the banks in reaction to the ever changing business environment and thus the inability to meet their expectations. The regulator has also been vocal in challenging commercial banks as major players in the economy to be more creative and futuristic. Perhaps the most amplified concern is in regard the low rate of innovativeness in the banking sector as a hindrance to the country’s desired economic growth levels; a concern that saw the enactment of the interest capping bill into law in August 2016. The debate on the impact of this law to the economy is not about to end just yet with the Central Bank of Kenya intending to push for the repeal of the law (Cytonn, 2017). This study therefore seeks to establish the missing links between strategic innovations and achievement of the desired results.
Various studies have been done on strategy implementation within the banking sector. Chepchumba (2014) examined the factors affecting implementation of strategy at Family Bank Limited, Kenya. This study established that effective communication is fundamental for organizational strategy implementation. Nauwankas (2013) did a study on the application of innovation strategies at the National Bank of Kenya Limited, Kandiri & Muganda (2013) examined the determinants of effective implementation of technology innovation in higher institutions of learning; Karanja (2011) did a study on competitive advantage as a result of innovation strategies in United Bank of Africa. While there have been such studies, hardly any relates to the determinants of strategic innovation implementation. It is therefore against this backdrop that this study sought to look into the determinants of strategic innovation implementation within the banking sector thereby make a contribution to academic knowledge as well as the field of research studies.

3. Objective of the Study

The main objective of the study was to assess the effects of organizational culture on strategic innovation implementation by Commercial Banks in Kenya North Rift Region

4. Review of Literature

4.1 Theoretical Framework

4.1.1 The Higgins’s Eight S Model

The Eight S model was developed by Higgins in 2005; it's a modification of the first McKinsey seven S model which was developed in 1980. The Eight S model aims to allow management to be effective in managing the implementation of strategies. Higgins (2005) postulated that strategy execution revolves around positioning key organizational factors with the preferred approach. But with often occurring changes within the business atmosphere, Strategies are regularly reshaped when contrasted with the past, making the arrangement procedure a considerably greater test. Officials ought to adjust the cross useful organizational elements; organizational structure, hierarchical framework and procedures, leadership style, HR and shared values to the most recent strategy (Kibicho, 2015).

Rajasekar (2014), states that organizational executives should align the organizational factors: structure, system and procedures, administration style, employees, assets and imparted esteems to the new strategy to guarantee its prosperity. Rajasekar (2014), stipulates that the key here is that the variables of the Seven S ought to be adjusted to provide the best strategic performance. Significantly organization’s objectives ought to be aligned with each other while the other six logical S should be in tandem and comparable course as of the technique (Muganda, 2013).

The model has Eight S offer that includes: Strategy and Purpose: The part of strategy refers to the actions that a corporation plans in anticipation of changes in its external environment (De Wit & Meyer, 2003). Frameworks and Processes allude to every one of the strategies, formal and casual, that encourage an association to work. Karanja (2011) has alluded to frameworks and techniques by illustrating that they empower an organization to meet set objectives, subsequently, this component is concerning the formal and casual methods embraced in an association to deal with data frameworks and reward frameworks.

Kibicho, (2015), opines that the organizational qualities and capacities are reflected in the employee abilities. Organizational administration ought to guarantee sufficiency of assets for effective strategy implementation (Karanja 2011). Resources incorporate individuals, cash, innovation and other distinctive administration frameworks. Shared Values alludes to the qualities shared by the individuals from the association. This is for the reason that an associations culture influences the degree to which a procedure can be actualized viably (Kibicho, 2015). Performance of systems is a subordinate of the seven S. Key execution is controlled by an enterprise; Performance was estimated at any level. Money related execution estimations are significant pointers of key execution. In any case, (Ongongo, 2014) opines that an extended adjusted scorecard approach is best as it gives a 360 degree survey. The Eight S model is applicable to the present study in that the present investigation looks to investigate the determinants of key development usage which the Higgins models has additionally conceptualized.

4.2 Organizational Culture and Strategic Innovation Implementation

Organizational culture can be defined as joint behavior of persons that are a part of an organization (Nyandeje, 2014). It's formed by the organizations values, visions, standards, working language, frameworks, images, beliefs and habits. Organizational cultures affect the approach people and groups move with each other, with customers, and with partners. Organizational cultures can either be a wellspring of quality or a shortcoming; it is quality since it facilitates correspondence and encourages hierarchical basic leadership which creates more elevated amounts of participation and sense of duty regarding the association which is vital for technique usage. Nonetheless, it will be a shortcoming when important shared convictions and qualities meddle with the need for
business strategy and also the individuals working on a company’s behalf. This is frequently a shortcoming on account of it's difficult to change the substance of culture (Koskei, 2017).

Organizational cultures may accord an organization the ability and advantage of flexibility while some cultures may accord the organization the limitations of rigidity in their approach (Letangule & Letting, 2012). Types of cultures include the clan culture or clanism which is anchored on collaborative behaviors, adhocracy culture is associated with highly energized and innovative teams. This culture requires teams to be thinkers and fast moving. The hierarchy culture adopts a highly formal approach and is applied in a highly structured and controlled way. In the market culture leaders demand for high performance with emphasis on growth of the market share and the organizations bottom line (Limmanont, 2010).

In the synergistic Model of the usage procedure, associations have solid societies and normal traditions. The trial of powerful methodology execution comes to fruition due to the nonappearance of improvement of lively social regards that are fundamental in meeting the reliably changing definitive needs (Letangule & Letting, 2012). Associations that execute the way of life that oppress a lower level delegate through tedious responsibility in strategy enumerating and utilization, there's non agreement of researchers and specialists. It looks after to execute procedures through the implantation of association culture all through the affiliation. The social model limits and challenges the basic objectives from the money related perspective of a firm (Kruger & Mama, 2012). A clan like affiliation is predicted to triumph wherever an exceptional culture ends up in authorities arranging their individual targets and practices with those of their diverse organizations. Regardless, an anomalous condition of various leveled slack is required to give and keep up a social model. This model has various zones that grip its assumption of shrewd individuals, gliding and loss of focus by relationship with this model, the high cost of advancement in culture, extended homogeneity that may realize lost nice assortment, and creative energy controls (Kruger & Mama, 2012).

According to Kandiri, and Mugand, (2013), various characteristics of culture exist at different levels or layers among organizations. Shared suspicions and methods of insight from the most profound layer, the following layer is association’s social qualities that are total feelings, assumptions, and slants concerning what things are sensible, conventional, wise and huge. The following level is portrayed by shared practices that grip the benchmarks; they're a lot of unmistakable and less requesting to move than regards. The most elevated layer has the social images that are the words, signals, pictures and distinctive physical items that convey the significance with a culture; they're the most evident and for the most part shallow.

Human, and Naudé (2013), conjectures that the lifestyle that exists in an affiliation can’t be segregated from the lead and plans of the pioneers of the affiliation. The style in which they lead can clearly influence on the affiliation's lifestyle and joint effort. Individuals relate to and imitate the lead they find in pioneers; this has the effect of organization on culture imperative. A decent and tough culture is a vital fixing in making the ascent of base outcomes for any association. Organizational culture decides the means that people take when settling on choices, translate policies and oversee associations, utilize data and how they carry on, accordingly this makes a connection amongst culture and organizational performance. Comprehension and examination of the affiliation's lifestyle may draw out the capability among advance and disillusionment in the business atmosphere. The test for an affiliation and its pioneers, thusly, is to have the ability to choose, make, and keep up the lifestyle that is causative to recognize needed results.

The use of another system starts with perspective of conclusive culture and finishes up with an adjustment in this culture to engage and keep up the technique (Letangule & Letting, 2012). A positive conclusive culture should allow an accommodative lead for structure execution (Mehta and Krishnan, 2004). The social investigation grants associations to detect the subgroup progression. Through this present, it's possible to perceive the strategy fundamental portions that ought to be suggested for a compelling framework execution. Hitesh (2012) places that a method can’t be adequately maintained without understanding the lifestyle of the relationship since the lifestyle of the affiliation consolidates the limitation to utilization. With a few slight dismissals, the various leveled adjustment could mean social change (Human & Naudé, 2013).

Strong cultures support proficient strategy implementation. However, powerless cultures are a snag to successful strategy implementation (Hitesh 2012). Letangule and Letting, (2012) state that solid culture support shared trust in measures; sharpens a particular balance among the associations that urges strengthen everybody to grasp their business to cutting edge strategy utilization. Laborers have almost no or no pride possessing work. It's messy, and there are just a couple of qualities enticing people to make political groups among the association.

Lee & Yu (2014), states that organizational culture, is the absolute most basic perspective in deciding the achievement of strategy implementation as adjusted to set destinations. The connection Culture-strategy match evaluations and culture alignment initiatives Culture-technique coordinate assessments and culture arrangement activities are basic works that pioneers set up together and independently have a commitment to attempt and lay the tracks for vital needs to take off on. At the point when culture adjusts to technique usage, an association can work with proficiency in the universal commercial center. Culture encourages authoritative pioneers to fill in as individual and additionally gatherings to cultivate key activities inside an association. These could grasp fabricating new business organizations and re-building up old ones to guarantee the sparing of the most straightforward feasible item and administrations to the worldwide market (Collis, Montgomery, and Invernizzi, 2014).
Moreover Hall (2011) states that a champion among the most striking characteristics of predominant associations is the rank of concordance between trade methodology and authoritative culture to such a degree, to the point that they make sense of how to recognize and oversee after some time. Some segment of social course of action and strategy execution joins process utilization. Methods in this situation get a handle on crafted by advancement to energize target accomplishment and moreover the results an affiliation is searching for when working with customers to satisfy their needs. Albeit as a general rule the troublesome issues and wishes of an association are met, culture is expelled.

5. Research Methodology

5.1 Target population

The target population refers to the study group marked for the study and it refers to the units that a researcher intends to study. House (2008) states that population is a set of the entire individual which has got a given characteristic. The study targeted regional managers, branch managers, and departmental heads of best performing commercial banks in the north rift region ranked by CYTONN’S Investment as at 10th December 2017 as shown in Table 1

| Banks                | Regional managers | Branch Managers | Departmental Heads | Total |
|----------------------|-------------------|-----------------|--------------------|-------|
| CfC Stanbic          | 1                 | 1               | 4                  | 6     |
| I&M                  | 1                 | 2               | 5                  | 8     |
| Standard Chartered   | 1                 | 2               | 6                  | 8     |
| Equity               | 1                 | 9               | 40                 | 50    |
| KCB                  | 1                 | 13              | 39                 | 53    |
| DTBK                 | 1                 | 2               | 7                  | 9     |
| Co-operative Bank    | 1                 | 7               | 21                 | 29    |
| NIC                  | 1                 | 1               | 4                  | 6     |
| Barclays             | 1                 | 5               | 15                 | 21    |
| National Bank of     | 1                 | 6               | 24                 | 31    |
| Kenya Housing Finance| 1                 | 1               | 4                  | 6     |

TOTAL 11 49 169 229

5.2 Sample and Sampling Procedure

According to Oso and Onen (2009), a sample is part of the target (or accessible) population that has been procedurally selected to represent it. The study used census as the study population is small. All the 229 employees were included in the study. Census refers to the quantitative research method whereby all the members of the population participate in a study.

5.3 Data Analysis and Presentation

Descriptive statistics was applied to analyze numerical data. This was done with the assistance of Statistical Package for Social Sciences (SPSS) computer software. SPSS enabled the analyst to take after clear arrangement of quantitative information investigation systems that prompts expanded information legitimacy and unwavering quality and exhibits the connection between the exploration factors. Graphic investigations give the establishment whereupon Correlation examinations develop the relationships with respect to the issues that ought to be centered on prompting further investigations (Kothari, 2005). Factor analysis registered measures of focal inclinations and measures of fluctuation to decide how autonomous factors influence the dependent variable.

Inferential statistic Pearson moment correlation was applied to establish the nature of the existing relationship between variables. Factor analysis investigation was utilized to check the factor structure of an arrangement of watched factors.
Corroborative factor investigation enables the scientist to test the theory whether a connection between watched factors and their hidden inert builds exists. This was utilized on the grounds that the specialist can indicate the quantity of components required in the information and which estimated variable is identified with which inert variable.

The researcher used linear regression analysis to analyze the data. The regression model was in the form:

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \]

Where,

- \( Y \) = Strategic Innovation implementation and;
- \( X_1 \) = Organizational Culture
- \( X_2 \) = Organizational Leadership
- \( X_3 \) = Organizational Structure
- \( X_4 \) = Strategy Formulation
- \( \alpha \) = constant value
- \( \varepsilon \) = error term

The regression analysis tested the variation of the dependent factors clarified by the variety in the predictor factors by estimation of the \( R^2 \) and balanced \( R^2 \) insights. ANOVA for regression was likewise utilized to decide the integrity of fit. Bivariate relapse models were initially fitted to decide the impact that every one of the free factors had on the dependent variable.

6. Research Findings and Data analysis

6.1 Descriptive Results

6.1.1 Organizational Culture and Strategic Innovation Implementation

This study sought to assess the effects of organizational culture on strategic innovation implementation. To achieve this objective mean and standard deviation were used to interpret the data. Whereby for Strongly Disagree the mean ranged from 1 to 1.4, while for Disagree the mean ranged from 1.5 to 2.4, and for undecided the mean ranged from 2.5 to 3.4, for Agree the mean ranged from 3.5 to 4.4 and lastly, for Strongly Agree the mean ranged from 4.5 to 5.0.

Table 1 Descriptive Statistics On Procurement Planning

| Organizational Culture | SA   | A   | U   | D   | SD  | M  |
|------------------------|------|-----|-----|-----|-----|----|
| The culture adopted by your bank encourages collaborative behaviors necessary for strategic innovation implementation | F    | 62  | 61  | 9   | 12  | 24 | 3.74 |
| %                      | 36.9 | 36.3| 14.3| 7.1 | 5.4 |    |
| Your Bank’s culture is associated with highly energized creative teams which ensures clear and harmonized strategic innovation plan and implementation | F    | 57  | 68  | 13  | 30  | 0  | 3.90 |
| %                      | 33.9 | 40.5| 7.7 | 17.9| 0.0 |    |
| The demanding nature of your bank’s culture supports actions and approaches for strategic innovation implementation | F    | 78  | 49  | 32  | 5   | 4  | 4.14 |
| %                      | 46.4 | 29.2| 19.0| 3.0 | 2.4 |    |
| The banks approach to strategic innovation implementation is highly formal with information flowing clearly from the top to the bottom | F    | 80  | 56  | 8   | 20  | 4  | 4.12 |
| %                      | 47.6 | 33.3| 4.8 | 11.9| 2.4 |    |

From the descriptive statistics Table 4.1 above, most of the respondents 73.8% agreed that the culture adopted by your bank encourages collaborative behaviors necessary for strategic innovation implementation while 12.5% disagreed and was supported by a mean of 3.74. The respondents also agreed at 74.4% that the Bank’s culture is associated with highly energized creative teams which ensures clear and harmonized strategic innovation plan and implementation, while 17.9% disagreed, this had a mean of 3.90 on their responses. Further 75.6% of the respondents were in agreement with a mean of 4.14 that the demanding nature of your bank’s culture supports actions and approaches for strategic innovation implementation, out of this 5.4% disagreed. Lastly 80.9% of the respondents were in agreement with a mean of 4.12 that the banks approach to strategic innovation implementation is highly formal with information flowing clearly from the top to the bottom, out of this 14.3% disagreed.
This implied that the respondents are in agreement that organizational culture is significant factor that enhance commercial banks strategic innovation implementation since their responses were between mean scores of 3.90 and 4.8 on the continuous Likert scale. These findings concurs to that of Jaruzelski, Loehr, & Dehoff, (2011) who stated that solid culture support shared trust in measures; sharpens a particular balance among the associations that strengthen everybody to grasp their business to cutting edge strategy utilization. Lee and Yu (2014), states that organizational culture, is the absolute most basic perspective in deciding the achievement of strategy implementation as adjusted to set and meet the organizations goals.

This is also supported by the Transformation theory which is used to help organizational leaders understand and guide a successful organizational redesign as well as strategy formulation. This theory reduces the organizational complexity to eight key variables that are essential and must be aligned to ensure organizational success. These elements include; Environment, Leadership, Strategy, Core Process, Structure, Systems, Culture and Results (Ana et al., 2011).

6.2 Inferential Statistics

The study employed multiple regression analysis to test the hypotheses. Multiple regression analysis was conducted to test the influence of Organizational culture on strategic innovation implementation. This was done with a significance level of 0.05, such that when the significance value is less than the 0.05 the null hypothesis is rejected and when it is above 0.05 it is accepted. This is discussed in the section that follows:

Table 2 Multiple Regression Model Summary

| Model | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|----------|-------------------|---------------------------|
| 1     | .965\(^a\) | .932              | .930                      | .19502                     |

R-Squared is used to evaluate the goodness of fit of a model. In regression, the R square coefficient of determination is a statistical measure of how well the regression line approximates the real data. It measures the proportion of the variation in dependent variable in this case strategic innovation implementation, explained by independent variables. From the results on model summary R= 0.965, R- square = 0.932, adjusted R- square= 0.930, and the SE= 0.195s. The coefficient of determination also called the R square is 0.932. This implies that the effect of the predictor variables (Organizational culture,) explains 93.2% of the variations in strategic innovation implementation by Commercial Banks in Kenya North Rift Region. This implies that a 1 unit change in the predictor variables Organizational culture, has a strong and a positive effect on strategic innovation implementation of the commercial banks. This study therefore assumes that the difference of 6.8% of the variations is as a result of other factors not included in this study.

Table 3 ANOVA\(^a\)

| Model | Sum of Squares | Df | Mean Square | F       | Sig. |
|-------|----------------|----|-------------|---------|------|
| 1 Regressio   | 84.550         | 4  | 21.138      | 55.776  | .000\(^b\) |
| Residual     | 6.199          | 163| .038        |         |      |
| Total        | 90.750         | 167|             |         |      |

a. Dependent Variable: strategic innovation implementation
b. Predictors: (Constant), Organizational culture,

The findings of the study in Table 3 showed that there was a statistically significant relationship between the independent variables and the dependent variable (F= 55.78; p=0.00). This therefore indicates that the multiple regression model was a good fit for the data. It also indicates that Organizational culture influence strategic innovation implementation by Commercial Banks in Kenya North Rift Region.

Table 4 Regression Coefficients

| Model | Unstandardized Coefficients | Standardized Coefficients | t    | Sig. |
|-------|----------------------------|---------------------------|------|------|
| 1     | (Constant)                 | .164                      | .088 |      |
|       | Organizational culture     | .099                      | .043 | .103 |

a. Dependent Variable: strategic innovation implementation

From the study,
The results showed that organizational culture was positive and significant predictor strategic innovation implementation with ($\beta = 0.103; p =0.023$). The null hypothesis was therefore rejected. The study hence concluded that there was a significant relationship between Organizational culture and strategic innovation implementation by Commercial Banks in Kenya North Rift Region. This study concurs to that study by Jarzelski, Loehr, and Dehoff, (2011) who states that solid culture support shared trust in measures; sharpens a particular balance among the associations that urges everybody to grasp their business to cutting edge strategy utilization. Lee and Yu (2014), states that organizational culture, is the absolute most basic perspective in deciding the achievement of strategy implementation as adjusted to set and meet the organizations goals.

7. Conclusions and Recommendations

7.1 Conclusions

The study concluded that the culture adopted by banks encourage collaborative behaviors necessary for strategic innovation implementation, culture is associated with highly energized creative teams which ensures clear and harmonized strategic innovation plan and implementation, in addition, the demanding nature of your bank’s culture supports actions and approaches for strategic innovation implementation and the banks approach to strategic innovation implementation is highly formal with information flowing clearly from the top to the bottom. This is also supported by the Transformation theory which is used to help organizational leaders understand and guide a successful organizational redesign as well as strategy formulation. This theory reduces the organizational complexity to eight key variables that are essential and must be aligned to ensure organizational success. These elements include; Environment, Leadership, Strategy, Core Process, Structure, Systems, Culture and Results (Ana et al, 2011).

7.2 Recommendations

Based on the findings of this study, the following recommendations were made: With regard to organizational culture, commercial banks should ensure existence of norms and values that ensure collaboration, flexibility as well as innovativeness among employees to ensure effective implementation of strategic innovations. When considering organizational leadership, Commercial banks need to oscillate between the four major leadership styles at the various levels of strategic innovation implementation. Specific considerations would be for Autocratic and Transformational leadership at the top level management while Democratic and transactional leadership is recommended for lower level management to ensure effectiveness of strategy innovation implementation. Also the bank managers should lead from the front and give a strategic direction to the organization. The bank management should not adopt the boss-worker relationship but instead adopt team leadership approaches.

As for strategy formulation, effective value assessment will ensure that commercial banks allocate adequate resources in terms of finances, human resource, equipments and infrastructure so as to ensure effective strategic innovation implementation. Strategy design provides the road map to follow while performance analysis at the various touch points will provide the valuable feedback in terms of compliance with regulation as well as performance that will determine further progress. Lastly with regard to organizations structure, commercial banks may need to appreciate that different strategic innovations may require different types of structures to be in operation at the same time in order for effective implementation to materialize. While major innovations may require a higbred organizational structure for effective implementation, minor innovations will work in a flat organizational structure.

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